

THE DEVELOPMENT OF THE ENGLISH EAST INDIA COMPANY
WITH SPECIAL REFERENCE TO ITS
TRADE AND ORGANIZATION, 1600-1640

By

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ABSTRACT

The object of this thesis is two-fold: first to make an economic study of the East India Company's many-sided activities in the first four decades of the seventeenth century, and secondly, through such a study to cast light upon the business-technique of a great merchant company of the period. In many ways, the East India Company was a unique organization. From a limited and modest beginning it quickly developed into a trading organization with wide commercial ramifications both in Asia and Europe. The Company's port to port trade in the Indies and the role it assumed as local traders in Asiatic Continent was ultimately responsible for the rise of the multilateral trade-triangles which characterised the English commerce overseas in the eighteenth and nineteenth century. Such a development brought with it the twin problems of a chronic shortage of finance capital and the political rivalry with the Dutch in the Indies.

At home, the Company's existence depended on the successful competition with other European powers trading to the Indies. Its trade was economically viable if only the Company was prepared to extend its operations, in addition to the domestic, to the European markets as well. Hence, the Company put marked emphasis throughout the period on the re-export of its trading products to the Continent and the Levant, which

promised to provide also a solution to the drain of treasure from England to Asia. The history of the Company's imports in the European markets reveals, however, that the Company was constantly haunted by the spectre of over-supply and falling prices. The trade in pepper which was the most important commodity on the Company's import list was especially susceptible to violent fluctuations and speculative moves. This led in the 1620's to a gradual and relative shift to the Indian commodities, to indigo and calico. In this thesis an attempt is made to trace in detail the Company's response to such economic problems, and to examine the institutional basis of its trading activities in England as exemplified in the composition and duties of its Court of Committees, the system of factorage, and the running of the shipyards.

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CHAPTER I. INTRODUCTORY

Background and the general pattern of trade

The English East India Company began its long career in history with a voyage to the Indies that bore the unmistakable character of a small and semi-speculative financial venture. The limited size of the subscriptions and the slowness with which money trickled into the Company's treasury indicated clearly enough the doubts and anxiety experienced by the subscribers in undertaking an enterprise involving manifest dangers and uncertainties.(1) Nor was this surprising. It is true that in 1600 England felt a justifiable confidence in her growing naval power. But the merchants of the City of London were well aware that to voyage to the East Indies was not only to enter into competition with the powerful financial interests of the United Provinces but was also to court a trial of strength with the still formidable military and naval power of the united Spanish-Portuguese empire. Yet, from this modest beginning the East India Company was able to create in the first forty years of its existence a financial and trading organization which, if it was bedevilled for many years by the fierce commercial and political rivalry of the Dutch and the Portuguese, nevertheless played a major part in shaping the future pattern of English commerce overseas.

(1) The average share varied between £100 to £300, while the largest from a single subscriber was £1,000. Birdwood and Stevens, The dawn of British trade to the East Indies as recorded in the Court Minutes of the East India Company, 1599-1603, p.1. For payment of overdue subscriptions see The First Letter Book of the East India Company, 1600-1619

The circumstances which led up to the foundation of the Company in 1600 can ultimately be traced back to the diversification of the direction of English foreign trade which began with the severance of commercial relation with Antwerp in the last quarter of the sixteenth century. But once the London merchants had ventured out on the East India trade, the unfolding pattern of this trade was determined, on the one hand, by the financial limitations of the purely bilateral trade between England and Asia and, on the other, by the semi-multilateral structure of the maritime commerce in the Indian Ocean.

In achieving its position as a major element in the economic life of England, the Company had to struggle in its early years against a chronic capital shortage, which indeed was a general characteristic of the national economy during this period. But essentially peculiar to itself, the Company had to tackle in the same years quite exceptional problems of organisation. An early period of experimentation soon revealed that to be successful the East India trade had to be organised into several distinctive regional categories. Thus in its pre-territorial and pre-industrial phase, the structure of the Company's trade was composed of three interrelated sections. In the first place, there was the direct trade between England and the Indies; secondly, the intra-European trade in the form of re-exports of East India goods to the Continent and conversely the provision here of naval stores, silver, and other export commodities; and finally, the Company's

port to port trade in Asia. The two latter adjuncts were indispensable for making the direct trade economically viable, and together the three formed a complex of commercial links which presaged the rise of a world-wide multilateral trading system. The challenge presented to the commercial ability of the London merchants by the foundation of the East India Company lay in organising from England the direct and inter-port trade in Asia which was depended on the formulation of a detailed policy on the part of the Company's Court of Committees or directors. This was a difficult and gigantic task, and the occasional failure of the latter to take realistic views of the Company's trading needs in the Indies is not really surprising. In other ways too the East India Company introduced a dynamic element into English commercial life of the early seventeenth century. At the European end, the Company's trade was clearly not only a supply but a transit trade as well, although it is essential to point out that the re-export of the East India commodities to the Continental or Levantine markets was not organised by the Company in its corporate capacity but was left in the hands of individual members after the general sales policy had been laid down by the General Court of the Company's shareholders. This deviation from the joint-stock principle, however, did not affect the general character of the Company's European trade. The novelty of the whole development becomes apparent if it is realised that at a time when most of the English merchant companies were engaged in supplying

the needs of a strictly domestic market, the East India Company alone was forced by the small and inelastic home demand for its trade products to organise its operations on a supra-national basis.

The extension of the East India Company's activities to the European continent had its origin in the problem of marketing and selling its imports from Asia. The growth of the inter-port trade in Asia, on the other hand, was closely connected with the question of acquiring purchasing-power to pay for these imports, the great bulk of which, in early years, consisted of spices. Both the English and the Dutch realised soon after their arrival in the Indies that European goods were not to be sold in large quantities in Java, Sumatra, or the Moluccas, and that it was not profitable either to drive a trade in spices for cash. The indigenous trading system in South-east Asia and the Indian Ocean was based upon the exchange of Indian textiles for the spices of the East Indies. Participation in the 'country trade' by the Europeans thus not only was a sound commercial policy in view of the high profits which such transaction offered - profits from which part at least of the purchases for Europe could be made, but it also promised to provide some solution to the vexed question of bullion export from Europe engendered by the inability of the latter to sell goods of the native production.⁽¹⁾

(1) During his embassy to the Mughal Court Sir Thomas Roe systematically put forward these views to the Company at home. cf. Sir William Foster, The Embassy of Sir Thomas Roe to India, pp. 308, 338.

It was this awareness that the success of the direct trade between England and the Indies depended to a considerable extent upon taking advantage of the existing trading pattern in Asia that led the East India Company to build a network of factories from the Red Sea to Japan. This venture into the 'country trade' of Asia posed problems of communication and of organisation which in magnitude and complexity surpassed those previously known in English foreign trade.

The full development of the Company's commercial policy and the regional ramifications of its trading organisation in the Indies was naturally a thing of slow growth. Although at the end of the first ten years the Company was fully aware of the geographical interdependence of Asian commerce, it was not till two decades had passed that it was able to define and put into application a comprehensive policy which covered the needs of both the direct and inter-port trade in Asia. If the main aims of the Company became fairly clear after this, the earlier period was marked by a constant effort to discover and master the most profitable lines of the East India trade, and the slow evolution of the Company's policy may be attributed partly to the commercial inexperience of the London merchants and partly to the emphasis put on the original intention of creating a direct supply trade in the spices of the East Indies. The developments which followed during the twenty years after the foundation of the Company were directly due to the modifications in the latter when the spice trade was reinforced by the trade

of India and this in its turn was accompanied by the growth of the Company's Asian entrepôt and intra-European trade.

By 1620, however, the Company had fully developed a stable administrative system of head and subordinate factories in the Indies through which the general policy of the directors in London could be transmitted and given detailed application on the spot. In the following twenty years of the period there was little fundamental change in the East India Company's commercial policy, though its every day decisions might be dictated by the accident of war and famine in Asia disrupting markets and sources of supply, by the difficulties in raising capital at home, or again by the political and commercial rivalry with the Dutch. But before we can trace the main features of this process, it is essential to go back a little and examine the circumstances which led to the rise of the Company.

In the older text-books on the East India Company four different strands of arguments can be discerned which are put forward to account for its foundation in 1600: there was the exclusion of the English and Dutch merchants from Lisbon by Philip II after 1585, which debarred them from the Portuguese spice-market, the increasing consciousness of the maritime strength of England after the Armada,⁽¹⁾ the desire to find new markets for English woollen cloth and finally the fear of a Dutch stranglehold on the spice supplies. What value can be attached to these explanations of the Company's foundation we

(1) cf. Shafaat Ahmad Khan, The East India trade in the seventeenth century.

may begin by noting that it was not the closing of Lisbon but the earlier and more serious danger which threatened to engulf the lucrative Antwerp trading connexion in the 1560's that turned the thoughts of the English merchants to fetching Oriental commodities for themselves. But the remarkable fact which emerges from a study of the spice trade in the late Tudor times is that the English attempts to gain direct access to the spice markets took place through the Mediterranean and the Red Sea and not along the Cape route the control of which was still in the undisputed possession of Portugal. In 1568, when there was much talk in Government circles of diverting English foreign trade from excessive concentration at the great entrepôt of Antwerp, there was a proposal from a professed Portuguese of making England the staple of Portuguese spice trade.(1) As we know, this proposal proved no more practicable than many of the ambitious and far-reaching schemes which were propounded under the pressure of a series of economic crises brought about by the stoppage of trade with Antwerp. But the injury done to Antwerp's spice market through the blockade of that port by the rebellious Dutch sea captains probably explains the intense search for alternative sources of East India commodities which characterised much of the English overseas ventures of the period. The dislocation in England's main direction of trade had thus a

(1) BM Cotton MSS, Nero B XI, 298-99. For Burliegh's plans see Tawney and Power, Tudor economic documents, II, 47.

two-fold effect on the distribution of trade. In the first place, it led the merchants to pay more attention to their markets in Spain, the Baltic, and the French ports, and, secondly, it began to stimulate long-distance trade.(1)

Between 1566 and 1579 the Russia Company attempted to reach the Eastern market by sending six 'voyages' down the Volga to Persia. These were abandoned owing to the hazard of the route.(2) But they were followed by the creation of the Levant Company which, in contrast to the various privateering ventures of the time, was a truly merchant-like effort to establish trading relations with the Indies.

The fear of the Dutch monopoly of spice supplies - or at all events underselling - acted as a more potent stimulant on the efforts of the London merchants to reach the Indies via the Cape. At this juncture it may not be entirely irrelevant to cite Anderson's theory of the East India Company's foundation, stated in his Origin of Commerce, as one of the early examples of misleading historical analysis. Anderson argued, drawing on Stow, that it was the attempt of the English Levant Company and then of the Dutch to keep up the price of pepper to 8s per pound which induced Queen Elizabeth to enter her people directly upon a commerce to the East Indies.(3) Not only has this statement no basis on historical facts but it is well known that the English East India Company

(1) cf. L. Stone, "Elizabethan Overseas Trade," Economic History Review, 2nd series, II (1949-50) 48.

(2) T.S. Willan, The early history of the Russia Company, 153.

(3) Anderson, Circle of Commerce, vol. I, 449, (1764)

began its operations as an off-shoot of the Levant Company and that the two had common members and close financial connexions, though it is not always emphasised the extent to which the commercial aims of the two were complementary to each other's trading activities.

The truth of the foregoing conclusion would be obvious if we examine the immediate circumstances preceeding the foundation of the Company. By 1599, the year when news of the successful return of six Dutch ships to Holland from the East Indies reached Aleppo, the Levant Company had organised a fairly profitable trade and had become one of the chief suppliers of silk, indigo, and spices in London. To the merchants and their factors in the Levant, the news from Amsterdam seemed catastrophic. William Aldrich wrote from Scio in December 1599 to John Sanderson in London,

"This trading to the Indies have clean overthrown our dealings to Aleppo, as by experience ere long we shall see," and he went on to say that "our Company... shall be forced to seek some other relief for these great expenses or else give over their patent, for be you assured that if spices be not brought from Aleppo, as in time past, into England, but the place be otherwise served our Company shall not be able to defray half of their charges." (1)

Another factor also reported that the Dutch discovery of the East Indies had made all men 'fearful of spices' and that 'none cares to meddle with those commodities.' (2)

Confidence, however, began to return when it became known

(1) The travels of John Sanderson, Hakluyt Society, 2nd series, No. lxvii, p.190.

(2) Ibid, p.189.

that the Dutch imports were mainly pepper and spices, and William Clarke, the Aleppo merchant, commented that if the Dutch had not brought great quantities of indigo or Nutmegs then in his opinion "they have done little harm to the trade."⁽¹⁾

The threat to the spice trade through the Red Sea encouraged the English merchants to emulate the Dutch example, and by September 1599 plans were being discussed 'to set forward for that place to adventure to see what will be done.'⁽²⁾ When the promoters of the forthcoming voyage to the Indies decided to petition the Privy Council for formal permission the reason officially stated was that the success of the Dutch enterprise and the report that they were preparing to buy ships in England had stirred them up 'with no less affection to advance the trade of their native country than the Dutch merchants were to benefit their Commonwealth.'⁽³⁾ This statement perhaps does not do full justice to the feelings of anxiety which the possible diversion of the spice trade had aroused among the English merchants trading to the Levant. Those feelings can better be gauged by the magnitude of the effort they proposed to make - no less than the creation of a new trade route round the Cape. Thus if we look at the rise of the English East India Company, not as an independent commercial venture, but as an attempt to

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- (1) BM Sloane MSS 867, Letter Book of William Clarke, fol. 77.
 (2) Sanderson, op. cit., p. 180.
 (3) The dawn of British trade to the East Indies, p. 8.

separate the spice trade from the main body of the Levant trade and to drive it by a new route, we have a readily understandable explanation both of its foundation and the subsequent development of its trading activities. As A.C. Wood has pointed out the connexion between the two Companies remained close throughout the first half of the century both in regard to membership and common commercial aims.(1) But here again, as the East India Company gained in strength and purpose, there were far-reaching and revolutionary changes. For whereas during the first decade of the period both the companies were engaged in supplying Europe with the East India commodities, later it was the East India Company which was re-exporting to the Middle East through the Levant Company those very goods that had once been imported from this region for European consumption.

A third, and most frequently asserted, factor, acting as a powerful motivating force behind the East India Company's early activities, is said to be the desire of the English merchants to expand the export-trade in cloth - which had slumped badly in the second half of the sixteenth century - by the discovery of new markets in the unexplored regions of Asia.(2) This view overlooks the fact that the contemporary

(1) A.C. Wood, A History of the Levant Company, p. 31.
 (2) cf. Sir William Foster, England's Quest of Eastern Trade, p. 183. For the most recent assertion of this view see John Irwin, "Indian textiles in the seventeenth century," Journal of the Indian Textile Association, I (1955). For a discussion of the question see, F.J. Fisher, "London's export trade in the early seventeenth century," Economic History Review, 2nd series, III (1950) 151.

English knowledge of the trading conditions in Asia was not as vague as it often is supposed to be. The export-motive was certainly a dominant theme twenty years earlier when the other overseas ventures were began; but it is doubtful if it was dominant in 1600. By that date the English merchants, through their experience in the Levant, had acquired a fairly accurate knowledge of the nature of the East India trade and seemed to have been aware that the scope for exporting English woollen cloth to the Asian markets was at best limited and problematic. It will be remembered that one of the first privileges sought by the Company from the Government was the liberty to export bullion freely, and even in the First Voyage bullion formed 70% of the total value of the exports. The export of goods and commodities no doubt remained one of the standing preoccupations of the Company, but only as part of the problem of providing purchasing-power. The chief emphasis of the Company, it must be stressed, was on its import and not on its export trade. Like the Baltic traders,⁽¹⁾ the East India merchants also could claim justification for their trade in the fact that they supplied England with those imports considered essential to the country for both strategic and consumer reasons and that their activities were responsible

(1) The main object of the Baltic trade, likewise, was not the export of English goods to that region but the importation of naval stores and grain. cf. C.R. Wilson, "Treasure and trade balance, the mercantilist problems," Economic History Review, 2nd series, II (1949) 153. Thomas Mun, England's Treasure by Foreign Trade, p. 15.

for the growth of an English entrepôt trade in at least certain commodities. As we shall ^{see} in a later chapter, this line of defence was the one which the advocates of the Company invariably adopted in the controversy that raged over the supposed benefits of these two peripheral branches of English foreign trade.(1)

The primary considerations in the development of the Company's trading organisation in Asia was the need ~~the~~ to create a chain of supply-points where trade could be established on favourable terms and with some degree of security. The Dutch voyages to the East Indies had only threatened the spice trade of the English merchants operating in the Levant and left their trade in the Indian and Persian commodities unaffected. Consequently, the first two Voyages of the East India Company were directed towards the Indonesian Archipelago and the Spice Islands. The returns were largely made in great quantities of pepper which when sold so completely dislocated the market that by 1606 the directors of the Company were persuaded to make efforts for widening the range of their imports. From the Third Voyage onward the Company's ships were directed to go to the Red Sea and instructions were given to explore the commercial possibilities of the

(1) In the royal letter-patent of 1616 granting license to the Company to export bullion, it was stated that one of the benefits of the East India trade was that 'the plenty of such foreign commodities was so great that a Staple of them began to settle in this our Kingdom.' The First Letter Book of the East India Company, p. 487.

Western coast of India. Here, again, the connexion with the Levant Company seems to have been at work in shaping the policy of the East India Company. For in its attempt to acquire a hold on the importation of the Indian commodities the Company sent its ships at first, not to India, but to the region with which as Levant merchants its members were already familiar, although such an intrusion into the older Company's trading area ultimately threatened to undermine the whole prosperity of the Levant trade. It was, however, soon discovered that the Red Sea area was merely one of transit, and that it was not only highly hazardous politically but was also remote from the true centre of trade which lay on the Western seaboard of India. Thus the abandonment of the Red Sea as a trading region was inevitably followed by the establishment of the Surat trade. Once the Company had been taught to realize, through the initially painful experience of dealing with a speculative and overstocked pepper market, that its financial solvency depended to a considerable extent in developing a direct trade between Europe and the mainland of India in addition to the spice trade, Surat with its busy port naturally became the main centre of its activities in the Northern sphere. But the slowness in opening up the Indian trade was due to more than just a misconception as to the true location of this trade. It could also be ascribed to a genuine fear of the

alleged Portuguese strength in India and the dilatoriness of the Mughal authorities in Gujarat in granting the necessary political safeguards to the English merchants.

By 1613 the East India Company had established two important trading stations in the Indies for its direct trade: Surat for North-west India and Bantam for South-east Asia and the Far East. By that date, the direct trade of the Company had gone through three stages. There had been, first, the Bantam to London phase lasting from 1602 to 1607, secondly, it was followed by the Red Sea phase between 1608 and 1612, and finally, the establishment of the Surat trade in 1613 which was meant to be complementary to the Company's existing trading connexions in South-east Asia.

The Company had early become aware that if its trade was to be organised on favourable commercial conditions it required the creation of what later became known as the 'factory-system.' Under this, factors or agents left behind by the ships from Europe sold their goods and made provision for the return cargo well before the arrival of the next year's shipping. This permitted a speedy turn round and also prevented any abnormal rise in prices created by a buyer's market. A fragment of a Dutch memorandum found among the Company's papers makes the problem very clear.

In defence of the factory-system, the anonymous writer states:

"I say the charge of trading with ships going and coming

"will fall greater and mightier than the other ... for the trade is not so there, nor like to those in other European countries, where we may always discharge against the market, for it must be there consumed and discharged by small parcels. What think you then, which would be the most charge and hurt, for to keep there a whole ship's company so long, or to maintain there four or five persons continually to whom we might give the charge?" (1)

For the English East India Company the efficacy of the factory-system was never in doubt. While the direct trade of the Company was taking shape, there had been a parallel development in the growth of the Company's 'country trade' which perhaps more than anything else emphasised the importance of this type of trading organisation. From the time of the Second Voyage the directors began to receive intimation of the need to substitute Indian piece-goods for European goods or even bullion if pepper and spices were to be purchased most profitably in South-east Asia.(2) Their reaction to this problem was, first, to try and create a subsidiary connexion from Bantam to the Coromandel coast, and secondly, to develop Surat as a supply point for the factories in Java, Sumatra, and the Moluccas. The Company's first ship to reach Surat arrived there in 1608; but it was not until 1615 that the factors decided to despatch a ship for England directly from this port. The position occupied by Surat in the meanwhile was that of a pivot in the East India Company's inter-port trade in the Indies.

(1) Letters received by the East India Company, vol. I, p.78.
 (2) The First Letter Book, p. 77.

The two different trading regions served by Bantam and Surat, and known to the Company by the description of the 'Southwards' and 'Northwards' thus became mutually inter-dependent the better to support the Company's direct trade. At the same time both branched out independently into subsidiary lines of trade. In South-east Asia, the spice trade had always been an adjunct of the pepper trade of the Archipelago and this pattern remained unaltered for the English Company also. But other factories were soon established in the peripheral regions, in Siam and Japan. Between 1611 and 1615, Peter Floris, a Dutch merchant in the service of the Company, opened up the trade of the Coromandel coast and organised the Siam factory, while in 1613, John Saris, the commander of the Eighth Voyage reached the port of Hirado in Japan. In the Northern sphere, there was a similar extension to Persia in 1616 and two years later another attempt was made to revive the Red Sea trade. Financial and political difficulties in the South enforced the abandonment of the Siam and Japan factories in 1623, but the Persian trade took hold and in spite of many doubts on the part of the directors at home became an integral part of the Surat trade.

The addition of the Persian trade to that of Surat marked the emergence of the regional structure of the East India Company's trading organisation almost in its final form.

There was now a direct trade between London, Surat, and Bantam, one for calicoes and indigo and the other for pepper and spices. In addition, the factories in India, and those in Java and Sumatra carried on a constant interregional trade in 'country commodities.' Henceforth, the Court of Committees in London was no longer faced with major decisions about the pattern of its trade but instead their main concern was to support the trade with adequate resources.

As we shall see later, the task proved to be by no means easy. The process of building up the whole network of trade had involved despatching annually large fleets to the Indies with equally large stock of capital, and the investors rightly expected some return on their outlay which would justify continued effort on the scale hitherto pursued. In its attempt to keep pace with the rival Dutch Company, the English East India Company had imposed serious strains on its resources. In time, the Company discovered that the cost of maintaining its trading organisation in Asia which stretched from the Persian Gulf and the mainland of India to the Indonesian Archipelago and the China Sea had been seriously underestimated. A vicious circle soon developed wherein the greater proportion of the capital sent out tended to be swallowed up in factory and shipping charges leaving too little for home investment. The trade was thus threatened at its very root. In the minds of the Company's ordinary

members there was a constant misunderstanding of the needs of the factories in Asia and the size of their own financial efforts. The debates of the Company's General Court and even the correspondence of the directors with their factors in the Indies are characterised by acrimonious exchanges of accusations in which the former charged the factors of being wasteful and negligent while they in turn complained of inadequate funds and lack of shipping, a state of affairs - as they repeatedly pointed out - which brought the 'country trade' to a standstill more than once.

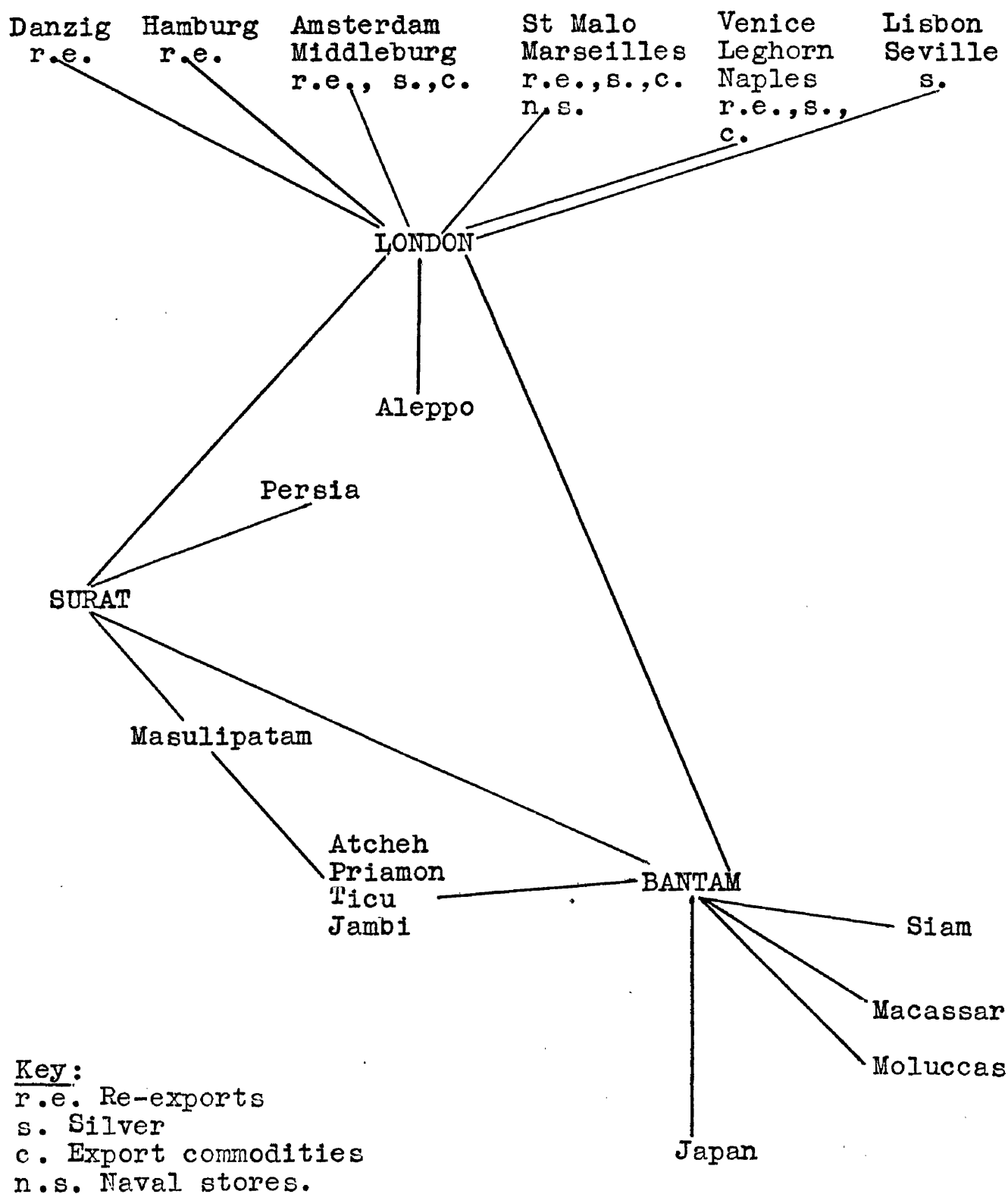
After 1620 the main task of the Court of Committees was to persuade the General Court to continue the trade in the face of a series of crises. Until the outbreak of Anglo-Dutch hostilities in the Java Sea in 1618-19, the Company's emphasis had been on the pepper trade of the South. The European market for the Indian imports was, however, growing at a rapid rate, and one of the consequences of the war and the destruction or capture of a large number of the Company's ships was to focus attention on the greater possibilities of the trade of India. The gradual decline in the profitability of pepper and the political entanglement which followed the Anglo-Dutch agreement of 1619 - negotiated by James I - with disastrous consequences on the Company's finances continued this trend. As Dr. D.K. Basset has shown, it is undeniable that even after the so-called 'Massacre of Amboina' in 1623

the trade of South-east Asia remained vital to the Company.(1) But it no longer had the same attractions for the ordinary investors of the Company at home. By 1626, the Dutch exactions in the Indies and the hopelessness of obtaining any remedy from the State had driven them to contemplate abandoning the trade, a resolution which was strengthened by poor returns and the commercial dislocation produced by the Plague in London.(2) It was only with the extreme difficulty that the Governor was able to weather the storm and persuade the General Court to alter its decision. Even so, for the next three years the Southern trade was continued on an extremely uncertain basis.

In the early 1630's confidence had returned and the Company succeeded in raising new capital. But by that time the terrible famine had begun in Gujarat which for six years kept the Surat trade at a virtual standstill. For the remaining years of the period, the Company attempted to develop the Coromandel coast for their direct trade, while with the migration of the clove trade of the Spice Islands to Macassar in the Celebes - which as an independent kingdom could by-pass the Dutch attempted monopoly of cloves - and a sudden rise in the price of pepper in 1637, there was once again a revival of interest in the trade of the Southern sphere.

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- (1) D.K. Basset, The factory of the English East India Company at Bantam, 1600-1682, Unpublished Ph.D. thesis, University of London, 1955.
 (2) cf. B.E. Supple, The commercial crisis & change in England, 1600-1640.

Diagram showing the Company's trading connexions in Europe and Asia:



CHAPTER II. BUSINESS DECISIONS.

Section 1. The development of trading policy.

In the preceding chapter, we have touched on the general features of the East India Company's commercial activities and the main lines of progress in the development of its trading organisation in Asia. The growth of the Company's intra-European trade will be considered later when we deal with the imports. Here, we are chiefly concerned with the examination of the detailed formulation of policy on the part of the Company at home towards its direct and Asian inter-port trade.

With the exception of the first six years, the Company sent out annual fleets to the Indies. The task of directing the voyages, sending letters of advice to the factors, and the necessity of supplying the factories in Asia with money and goods occupied a great deal of the Company's day to day business and constantly called for a discussion of policy. The considerations which influenced the directors' decisions were naturally numerous and varied. Quite often the course of events in Asia lay beyond the control of the Company which could do no more than endorse the policy already adopted by its chief factors. But on the whole the Company did seek to keep the general control of trade in its hands, and the mere fact that the success of the inter-port

and the direct trade was ultimately dependent on the amount of capital the Company could raise in England and on the profitability of a particular Asian import in the European market meant that the initiative in defining a co-ordinated policy lay with the directors at home.

The first fleet of the Company, composed of four ships (the Red Dragon, Ascension, Hector, and Susan) under the command of Captain James Lancaster, left the Thames in February 1601 and returned two years later from the East Indies laden mainly with pepper.(1) A second voyage was sent out in March 1604, with the instruction to the commander Henry Middleton to go to Bantam, where Lancaster had left a factory, and take in the goods remaining to the First Voyage. It was also resolved to extend operation to the Spice Islands. For Middleton was further commissioned to send a ship to the islands of Banda and Amboina to try and buy cloves and nutmegs.(2) We have seen that the purpose of these two voyages was to concentrate on the supply of spices so as to defeat the Dutch threat to the spice trade through the Levant where the English merchants were engaged at this time in building up a trade in Oriental commodities. The fact that the first volume of the Company's Court Minutes (1599-1603) contains no reference to any general discussion on the object

(1) cf. The dawn of British trade to the East Indies, and The voyage of Sir James Lancaster, (Hakluyt Society).

(2) The First Letter Book, pp. 51-66.

of the forthcoming voyage would seem to indicate that it was specific enough not to require any further elaboration. This is also confirmed by the commission given to Lancaster which, in contrast with those of the later voyages, is concerned solely with points of administration and discipline and gives no directions in regard to trade. It was only with the third Voyage in 1607, when it was decided to send the fleet to the Red Sea, that this original aim began to receive modification.

The experience gained in the first two voyages was most valuable, and led the Company to extend trade to the Red Sea and eventually to India. The unwisdom of relying only on one type of import for which there was a limited demand at home was beginning to be perceived, and with it also came the increasing awareness that for the purchase of pepper and spices in the East Indies a considerable trade in calicoes was essential. Even on the First Voyage Sir James Lancaster's capture of a Portuguese carrack with a large number of calicoes in it, which he successfully exchanged for pepper at Bantam, showed how useful this commodity was to the trade of this area.(1) It was thus decided in 1607 that the pinnace which was to go with the Dragon and the Hector was to be left at Bantam to trade from place to place, or failing that one or two factors were to

(1) The voyage of Sir James Lancaster, p. 107

"go as passengers in some other ships, to find out trade in such places as shall be thought needful, as Masulipatam... Coromandel, St Thomé or any other places fit for trade."

They were to explore the market for English commodities and find out what calicoes could be bought there for the Moluccas as well as for England. It was stated that the omission "of seeking out whereof all this while hath returned to our great loss and to the benefit of the Hollanders, who have been laborious and industrious therein."(1)

In January 1607, plans were also being discussed by the Court of Committees in London for sending the main fleet, first, to Aden and Gujarat and then to Bantam and the Moluccas.⁽²⁾ In the commission issued to Captain Keeling and his lieutenant, William Hawkins, detailed instructions were laid down about the movement of the three ships. They were to water at St Augustine's Bay and then proceed to Socotra from whence they were to make for Aden. If enough lading was obtained there, the Hector was to be sent back to England while Keeling was to go on to Bantam with the Dragon and Consent by way of Gujarat. On the other hand, if the ships could not reach the Red Sea, then they were to call at Cambaya where Hawkins was to try and obtain permission for trade, lading the Consent with calicoes, indigo, drugs etc. for England. Later, he was to attempt once more to reach Aden

(1) The First Letter Book, pp. 131-32.

(2) Court Book, II, fol. 3, January 9, 1607.

in the Hector. The Dragon was to go straight to Bantam from Surat.(1) The length of the commission and the careful attention to details is explained by the fact that for the first time the Company was trying to combine an uncertain venture in an unfamiliar region with a trade that was already established. The instructions make it clear that even if the trial at Surat failed the pepper trade of Bantam was to be carried on as usual.(2) It has been said that the chief motive which impelled the Company to try and reach the Red Sea ports and Western India was the hope of extending the markets for English manufactures.(3) But it is evident from the commission that the Company was aware of the limited appeal of the English exports and knew that in the Red Sea the emphasis must be on the buying of Asian commodities.(4) In their advice to the commander about the money on board the ships, the directors asked him to consider when he reached Aden "how much thereof will be there needful, either for helping to put off our commodities and merchandize in barter if otherwise the same will not sell or to buy such of theirs as is needful and fit for our Country."(5)

The Company had so far awaited the return of its ships

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- (1) The First Letter Book, pp. 114-36.
 - (2) Ibid, p. 126.
 - (3) Foster, England's quest for Eastern trade, p. 183.
 - (4) Later, however, the Company declared itself prepared to frequent the Red Sea ports if 'it be but for vent of our English commodities only.' March 1609, The First Letter Book, p. 320.
 - (5) Ibid, p. 122.

before starting to prepare for the next voyage. After the Third Voyage, the scale of its operation becomes perceptibly more ambitious and the growth of confidence is reflected in the decision to send annual voyages to the Indies even before the result of the previous ones had become known. The element of uncertainty thus introduced resulted in the practical stereotyping of the directions issued to the commanders of the successive voyages. The commission of 1607 became the obvious model, and in 1608 Alexander Sharpie, the commander of the Fourth Voyage, sailed with almost the same instructions, but for the interesting exception that he was directed to go to Mocha in the Red Sea instead of Aden, which, the Company had in the meanwhile learnt from Sir Edward Michelborne, was rather a 'garrison town of soldiers than merchants.'(1)

The two main considerations which guided the Company's policy during this period were the hopes of opening up the Surat trade either directly or indirectly through the Red Sea and the necessity of putting the South-east Asian factories on a secure footing by organising the 'country trade' to India. The fear of the Portuguese combined with their Levant background had induced the Court of Committees to send their fleet to the Red Sea rather than directly to India. In January 1608, Michelborne had informed the Company that it was not safe for the English ships and men to go to

(1) The First Letter Book, p. 246. Court Book, II, January 26, 1608.

Surat and 'expect any quiet trade for the many dangers likely to happen unto them by the Portugals,' (1) while both Keeling and Sharpie were instructed to point out to the Turkish authorities in the Red Sea, as a reason for their coming, that "our people do trade into Cairo, Aleppo, Damasko, Constantinople and all other his Dominions freely ... which love of the Grand Signior towards our Nation hath embolden us to visit that place with our ships." (2) However, the desire to establish trading connexion with Surat or some other port in India for obtaining 'returns as indigo, cotton yarne, fine calicoes' remained, though dormant. (3) By 1610 when preparations were being made for the Sixth Voyage and Company had received news of the arrival of Hawkins at Surat, that trade was declared to be the 'main and principal scope of this our voyage.' (4) Detailed instructions were given to Sir Henry Middleton, the commander, and Lawrence Female, the chief factor, of the type of indigo, calicoes, and other Indian commodities desired by the Company. Another letter was sent in the same voyage addressed to the factors of the Fourth Voyage asking them to turn all the stock in their hands into 'such commodities as are best and most profitable for these parts and which will take least bulk, as good raw silk, fine book calicoes if they be cheap, rich indigo, good

(1) The First Letter Book, p. 240.

(2) Ibid., p. 120, 249.

(3) Ibid., pp. 251-52, February 28, 1608.

(4) Ibid., p. 333.

drugs, cloves, or maces.'(1) So anxious was the Company to secure the benefits of the Surat trade, that the Court of Committees advised Middleton in the case of failure at Surat to invite the Gujarati traders to repair to Socotra with Indian commodities.(2)

Apart from the desire to widen the range of imports and to reduce dependence on pepper, another reason for this anxiety was that the factors had sufficiently impressed upon the Company the ill-functioning of the Southern trade without Indian piece-goods for barter. In December 1608, John Hearne, a factor at Bantam, wrote to the Court of Committees:

"It would prove very beneficial to our trade here either that we might have trade at Surat and at Cambaya, to sort ourselves with those kind of cloths which are made in those parts, and if your Worships do mind to follow this trade, still it will be very requisite that two ships do go for that place only to buy cloth and calicoes and so to bring them hither to have this place continually furnished." (3)

This was a theme which the factors were never tired of repeating, and nineteen years later the English President at Batavia was still writing to the Company that "Java, Sumatra, Macassar, Celebes, Borneo etc. ... would more willingly accept cloth than rials, clothing being of use but coin, save a little for ornaments being buried in the ground from posterity to posterity, as it well may, for their occasions require it not." (4)

(1) The First Letter Book, p. 309.

(2) Ibid, p. 340.

(3) Letters received by the East India Company, I, p18

(4) Original Correspondence, IX, 1255, 18 July, 1627.

In the Fifth Voyage, which was sent straight to Bantam (1609), the Court of Committees had instructed the factors in case neither Keeling nor Sharpie had succeeded in opening up the trade of the mainland to proceed to Surat on their own initiative and buy such commodities as could be sent back to England as well as used for trading in South-east Asia.(1) Next year Middleton himself was advised to provide as many calicoes as were necessary for Priamon, Bantam, and the Moluccas at Surat, for which he was supplied with fifty thousand rials of eight.(2) There was also emerging the motive of making a profit on the 'country trade' and thus supplementing the capital already sent out from England, and the chief merchant Female was urged by the Court that rather than let the money lie idle in the chests he was to try and 'make such profit thereof either by employment in commodities to re-sell at dearer markets or otherwise as the traffic of that country shall afford.' (3)

It was no doubt the prospect of organising the 'country trade' on a sound basis and of tapping this lucrative source of profit more effectively that led the Company in 1610 to accept the offer of two Dutchmen, Peter Floris and Lucas Antheunis, to set out a voyage to the Coast of Coromandel. As early as November 1609, the Court of Committees were

(1) The First Letter Book, p.287.

(2) Ibid, p. 338.

(3) Ibid, p. 324.

discussing a project offered to them by a certain Dutchman called Florence Devyne to equip a small ship with a stock of £6,000 for Coromandel which he promised would produce a profit of three for one.(1) The loss of the Court Minutes for the following three years makes it difficult to identify this offer with that of Peter Floris.(2) But it is an indication of the expansiveness which at this time marks the outlook of the London merchants trading to the East Indies. Plans for incorporating the Coromandel coast with the trade of the islands had been long-standing with the Company, and now the two Dutchmen proposed to take it much further by not only linking up the trade in cotton cloth from Masulipatam to Java and the Moluccas and pushing on to Patani and Siam but also by employing their trading capital for three years on the 'country trade' alone before finally returning to England.(3) The commercial ability of Floris and Antheunis and the wisdom of the Company's decision to accept their plans were proved when the Globe, which sailed at the beginning of 1611 (the Seventh Voyage), returned in 1615 with a rich cargo after successfully trading on the Coromandel coast and in Siam.(4)

At the end of the first ten years of its existence, the East India Company was fairly in possession of the essential

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- (1) Court Book, II, fol. 152, November 18, 1609.
 - (2) For the background of this voyage, see W.H. Moreland's Introduction in Voyage of Peter Floris to the East Indies, Hakluyt Society, 2nd series, vol. LXXIV.
 - (3) The First Letter Book, p. 427.
 - (4) The voyage of Peter Floris, p. xxx.

facts in regard to the structure of commerce in the Indian Ocean and the requirements of the East India trade in Europe. This knowledge had impelled the directors to embark on a policy of expansion which found expression in the decision to send annual voyages to the Indies and in the attempt to establish trade with the mainland of India, in addition to the direct trade between England and South-east Asia for which a stable centre had already been found at Bantam. However, the application of this wider policy in Asia proved more difficult than the Company had anticipated. The Bantam trade, it is true, prospered from the beginning, but the second half of the Company's plans did not materialise until the middle of the next decade, only very modest results being achieved by the four voyages (the 3rd, 4th, 6th, and 8th) designed specifically for opening up the Surat trade. In the Third Voyage, Hawkins had succeeded in reaching Surat in the Hector, and he had gone up to the Imperial Court at Agra in 1609 where he spent two and a half years in a fruitless attempt to obtain permanent terms of trade. The other voyages were no more successful. The Ascension belonging to the Fourth Voyage was wrecked off the Indian coast in 1609 (1), while Sir Henry Middleton was refused permission altogether to trade at Surat, and he proceeded to make matters worse by seizing Indian shipping in the Red Sea in revenge for the slight before finally sailing for

(1) Letters Received, I, pp.39-40.

Bantam in August 1612.(1) The manner of English failure in India was most forcefully summed up by Nicholas Downton when in April 1612 he wrote to the Company:

"Time made it apparent that all our hopes were frustrated for the present in India, where we understood the great Mogul, all his former promises and kind shows to Captain Hawkins and our Nation was now so far quenched by the continual presents and instigations of our enemies the Portugals that he doth not only refuse to give allowance for the abode of any of our Nation in his Country to merchandize or do business, but also in disgraceful sort refuseth to answer our King's letter." (2)

That Downton had been unduly pessimistic about the future prospect of trade at Surat was proved when Thomas Best, the commander of the Tenth Voyage, arrived in September 1612 with three ships and aided by his factors succeeded in obtaining an Imperial edict granting formal trading rights which, if it did not guarantee security from the Portuguese at sea, at least offered the political safeguards from the Mughal authorities at Surat so long desired by the English.(3) It was really Thomas Aldworth the senior factor who was the chief instrument in negotiating the terms between the Governor of Surat and Best, for the latter was inclined to be suspicious

(1) Letters Received, I, p. 158.

(2) Ibid, p. 175.

(3) Of the edict Best wrote to the Company, "On the 11th of this month (January 1613) we received the farman of the King confirming and approving the peace we had made. Although the farman is not all it should be nevertheless it is sufficient for securing our trade in these parts, for in addition to the King's farman, I have the signature of the Governor with whom I concluded the treaty." Voyage of Thomas Best, Hakluyt Society, vol. 75, p.230.(This letter is a translation from the Spanish version printed in Documentos Remettidos da India, III, 73.)

owing to the letter left there by Middleton warning future English ships against treachery, and he ascribed Middleton's capture of Surat ships in the Red Sea as the real reason for a change of heart on the part of the Mughal Governor.(1)

Aldworth and his two colleagues, William Biddulph and Nicholas Withington, proved enthusiastic supporters of the trading possibilities at Surat and elsewhere in India, and in their letters to the Company during the next three years put forward a complete outline of the trading methods to be pursued in India. Of the general prospects they wrote:

"And concerning this place where (thanks be to God) we are settled, your Worships shall perceive that through the whole Indies there cannot be any place more beneficial for our country than this, being the only key to open all the rich and best trade of the Indies."(2)

The first and main concern of the factors naturally was with the danger from the Portuguese. Indeed, in October 1613, William Biddulph had advised the Company from the Mughal Court to secure its position not only by increasing the armed strength of its fleets but also by diplomatic intervention which could be achieved by sending "per the first ship some proper man of account to reside in Agra with the King" who would be able to deal with such matters as "these

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- (1) "Mr. Aldworth...having seen the place and the people was so highly pleased that he refused to return to the ship. Indeed, he endeavoured by all means in his power both with our General and also with the Governor of the place to establish commerce with them, although our General was of a contrary opinion." Ralph Croft's letter to Sir Thomas Smith. Ibid, pp. 230, 234.
- (2) Letters Received, I, p.238, January 25, 1613.

prating Jesuit Fathers put into the King's head."(1)

Once the English were secure from Portuguese attack, trade at Surat could be organised both to supply the Company at home with Indian commodities by sending back one or two ships directly to England and to strengthen the trade of the South-east Asian factories by using the rest of the shipping to furnish 'herehence with commodities fit for the Southward, where it commonly yields three for one.'(2) There could also be a traffic in the opposite direction with ships from Bantam touching at Surat to exchange part of their pepper and spices for indigo and calicoes. By combining indigo with pepper, which was 'very fit ~~stowage~~', any wastage of shipping space could be prevented.(3) Taking every thing into consideration Surat promised to become a highly convenient and profitable trading-station for the Company. It was perhaps to be expected of the factors that in order to counterbalance the fear of the Portuguese menace which lingered on in the minds of the directors at home they should have exaggerated the merits and attractions of the Surat trade. In February 1615, Biddulph once again harped on this theme and wrote to the Court of Committees in the following term :

"I make no doubt but that your grave wisdom will consider well of it before you leave this place, considering the commodities so fit for England as also the vent is here

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- (1) Letters Received, I, p. 300, October 28, 1613.
 - (2) Letters Received, I, p. 239, January 25, 1613.
 - (3) Letters Received, II, p. 188, November 5, 1615.

'for our commodities, and good commodities here for all places of the Indies." (1)

While all the factors at Surat and in the hinterland were enlarging on the advantage of the Indian trade to the inter-port trade in the East Indies and on its benefits to the Company's European trade at home, they were also unanimous in agreeing that the most essential condition in the success of this trade was the timely provision of stock. Aldworth stated specifically that they must have an annual stock of twelve to fifteen thousand pounds sterling to provide goods in time for the ships' arrival and this was later endorsed by Biddulph who pointed out that if the Company provided sufficient stock then the danger from the Portuguese would be much reduced as the ships need not stay at Surat for more than forty days at the most.(2) A good stock left there would also much facilitate the buying of commodities on favourable terms as this would enable the factors to buy directly from the producers who, it was stated, were forced to sell to engrossers for very low prices owing to their poverty.(3) The factors repeatedly emphasised the point that if the Company wished to avoid prolonging the time of the voyages and thus save shipping charges they must carefully co-ordinate the supply of capital with their investment needs

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- (1) Letters Received, III, p. 23, February 28, 1615.
(2) Letters Received, I, p. 306, November 9, 1613.
(3) Letters Received, II, p. 153, December 2, 1615.

This was put very clearly in a letter written in December 1617 by Francis Fettiplace and Robert Hughes from Agra.

"For the speedy despatch of the ships here presently after their arrival," they wrote, "your Worships must either forbear one year's return, whereby we may get beforehand, or send such a stock of money as that at the ships' departure there may be left in specie sufficient to provide the next year's cargazon; whereby you shall not only avoid the inconveniences and necessities of cheap selling and dear buying, but also have lading ready in Surat against the fleet's arrival." (1)

The establishment of a trading connexion with Surat in 1613 did not immediately solve the problems which the factors had previously encountered in organising their trade in South-east Asia. During this time English activities in this region had come to concentrate mainly on the pepper trade of Java and Sumatra and had drifted away from the earlier emphasis on the spice trade of the South Seas, though the latter undoubtedly remained a subsidiary branch. While Surat provided a ready source of cotton piece-goods for the South, it was evident that greater experience was necessary in selecting the right type of materials which were in demand in the various markets of the Archipelago. In July 1613, Thomas Best, arriving at Atcheh from Surat, wrote to Aldworth that the cotton goods bought in Gujarat had proved inappropriate except some fine calicoes from Baroch.(2) Next year John Jourdain, the chief factor at Bantam, informed the Company that Bantam was a very unsatisfactory market for Surat

(1) Letters Received, VI, p. 252, December 20, 1617.

(2) Letters Received, I, p. 270, July 12, 1613.

goods, advising that steps should be taken to provide extra shipping for their transshipment to Sumatra where they were more likely to sell.(1) As early as 1609, Samuel Bradshaw, factor of the Fourth Voyage in the Union, had drawn attention to the close link between the trade of Gujarat and the pepper ports of Sumatra where he himself had exchanged Surat cloth for pepper at rates better than those for rials.(2) After 1613, when it was discovered afresh that the Surat cloth would sell better in Sumatra and that the Bantam market in Java was, to borrow a modern expression, a hard currency area, a shift began to take place which ultimately resulted in Sumatra becoming the chief supplier of the Company's pepper.(3) Factories were established at Atcheh, Ticu, and Priaman, though Bantam itself remained the headquarter of the Company's trading organisation in the South.

Thus with the opening up of the Surat trade, the East India Company's commercial activities in Asia began to assume a closely integrated pattern. While it saw the emergence of a distinct field of activity in India catering for the direct trade, at the same time the commercial connexion with Surat left its imprint in the South by making the pepper centres of Sumatra an essential and vital adjunct to Bantam. The growth of the Company's Indian trade had an

(1) Letters Received, II, p. 314, February 10, 1614.
 (2) Letters Received, I, p. 255.
 (3) Letters Received, II, p. 58, March 12, 1615.

unique outcome: not only did the East India Company eventually absorb the whole of the supply trade of the Levant Company but the whole character of English trade in the Levant was altered by the transformation of the former into the chief supplier and the latter into the distributor of the Indian products brought via the Cape route.

In January 1614, the Company received news of the establishment of the Surat factory, the letters arriving by the overland route, being forwarded by Bartholomew Haggart, the English consul at Aleppo.(1) Previous to this, while still in ignorance of the result of the Tenth Voyage, the Company had raised the First Joint-Stock which was to function for a period of four years. Early in 1614 four ships were equipped and sent to Surat under the command of Nicholas Downton, who had already served the Company in the Sixth Voyage.(2) Coming at such a moment, the news of Best's exploits at Surat, followed by his own arrival in London produced a flutter of excitement, and during the rest of the year discussions were continually held by the Court of Committees as to the best means of organising trade in the Northern sphere, the East Indies, Siam and Japan. Before Downton's fleet had sailed from Gravesend on February 28, a question was raised in Court whether the Company should not send advice by this fleet for opening a second factory

(1) Court Book, III, 8, January 17, 1614.

(2) Letters Received, II, 23, 167.

at Agra in addition to that at Surat, but it was wisely decided to leave such details to the discretion of the 'General' and the factors actually employed on the spot because, it was thought, 'that time and experience in those parts can better direct than supposition here.' (1) The Surat fleet having departed, the Court next resolved to send three ships to the East Indies. (2) No goods was to be sent on this voyage, only some money. (3) As to the 'country trade', though Floris had written for an additional number of factors to be sent out to run the new factories and for a larger stock to be employed in the Bay of Bengal, it was decided to play for safety since no returns had yet been made from those parts and to await further information. (4)

If a certain prudent restraint had been the keynote of the Company's policy so far, it was changed by Best's glowing account of the prospects of trade at Surat. Not only did the Company begin to prepare another expedition to India on a lavish scale, but it was also evident to the directors that to consolidate the position already gained in the Indies it was essential to devise a system of greater control which would enforce some degree of unification in the activities of the various factories. In an interview with the Court of

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- (1) Court Book, III, 32,
 - (2) Court Book, III, 37, Feb. 18, 1614.
 - (3) Court Book, III, 55, March 1614.
 - (4) Court Book, III, 66, 72, March 18-19, 1614.

Committees Best had informed them that the Dutch 'General' in the East Indies was invested with absolute authority over both trade and the factors, adding that 'their business will never be well carried until this Company have the like.'(1) The upshot of the various debates that followed was to institute two principal factors at Surat and Bantam and clearly demark their charge and authority, "him of Surat to have the charge and authority of all their factors to the Northwest, and him at Bantam to the Southwards by a Commission dormant, to call the rest in question and to examine their accounts."(2) That for some members this was going too far we know by the objection raised in Court that any increase in the authority of the factors in the Indies would only lead to their abusing it. But the growth of the 'Presidentship' of the Surat and Bantam factories in the next four years seems to indicate that the Company's concern for greater efficiency and more effective management of trade was strong enough to overrule such objections.

By September 1614, the Company had made up its mind to appoint a single man to carry out the task of re-organising the trading system in Asia, and the person singled out for this purpose was William Keeling who was preferred to Best because of his greater knowledge of 'merchandizing' and also because of his good command over his men and kindly treatment

(1) Court Book, III, 133, June 29, 1614.

(2) Court Book, III, 148, July 5, 1614.

of them.(1) Keeling's appointment was to run for five years, and he was given the title of the 'Factor-General and Supervisor of the Factories and Merchants in the East India and all other parts and places belonging to their trade.' The Court Minutes for September 7 briefly records that Captain Keeling "having disposed of all affairs at Surat and despatched a ship from thence to England (is) to proceed to Bantam, to reside there for a time, inspect all the factories from port to port and check the accounts...".(2) The actual commission given to Keeling has not survived. But Sir William Foster has indentified the fragment of an undated and mutilated document in British Museum as the parts of the original instructions to Keeling in which the Company laid down the outline of the trading organisation to be established in the Indies.(3) The person to whom the commission is addressed was instructed to "choose four principal places where the chief persons ought to be resident, viz., Surat, Coromandel, Bantam, and Patania; to which principal persons in those four places you may give name of Agents, Directors, Consuls or such like." Furthermore, each of these factors was to have the control of the factories in the respective area served by these four places. As we shall see, the whole programme sketched in this document

(1) Court Book, III, 211-12, September 7, 1614.

(2) Ibid.

(3) Letters Received, IV, xv.

proved too ambitious, and only half of the foregoing plans was ever put into effect.⁽¹⁾ But there was already emerging in the minds of the directors the idea of an interregional and integrated trading system in Asia which later was to become such outstanding feature of the East India Company's commercial organisation.

Apart from arriving at a general policy in regard to the organisation to be set up, the Company was also giving close attention to the trade of the specific areas. In order to facilitate the task of keeping the factors informed of the Company's decisions it was ordered that copies were to be made into a book of the 'sundry journals and letters of intelligence now and formerly brought home' which were described as vital 'for instruction both for the places and Commodities fit for trade in sundry places in the East Indies.' (2) In India, the footing already obtained was to be further strengthened by 'employing one of extraordinary parts to reside at Agra to prevent any plots that may be wrought by the Jesuits to circumvent our trade,' and after

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- (1) The details of the region under control of the four factors were as follows: "The government of him in Surat should stretch over all the country of the Great Mogore, as Surat itself, Cambaya, Baroch, Amahdavad, Agra, Lahore, and the places thereabouts. He of Coromandel should have command over those factories that shall be planted in Narasingha. He of Bantam should have his command over Sumatra, Java, Succadana, Macassar, unto the Moluccas. And the command of him at Patania to stretch over Siam, Camboja, Cochinchina, Japan, Borneo, and the places thereabouts." BM Cotton MSS., Otho, VIII, fol. 254.
- (2) Court Book, III, 166, July 16, 1614.

much debate it was decided to appoint Sir Thomas Roe as the Ambassador from the King.(1) The Company was obviously treating the warning given by the factors of the opposition that was to be expected from the Portuguese as one meriting serious consideration, even though discouraging any headlong onslaught on the Portuguese position in India.(2)

The situation in South-east Asia, though trade was here long established, was also causing some anxiety owing to the Dutch attitude in the Spice Islands and political insecurity in the Archipelago. There were lengthy discussions in Court whether the Company should not abandon Bantam, where the King was said to be levying a heavy customs duty on pepper, and move to the neighbouring port of Jacatra.(3) Fears were expressed, however, that if the English removed wholly from Bantam the Dutch might oust them altogether and also that "no place can perform so much on the sudden as Bantam for the furnishing of our ships that want lading." (4) Ultimately, a compromise was reached, and it was decided to instruct the factors to seek permission from the ruler of Jacatra to build a fire-proof factory there and at the same time to

(1) Court Book, III, 211, September 7, 1614.

(2) In 1614, Best proposed that the Company should give permission to their ships to capture prizes from the Malabars who were tributary to the Portuguese. But the directors turned down the idea. They argued that the Company's purpose was to trade as peaceably as possible and that it was not right to begin any quarrel unless provoked first. Court Book, III, 260, November 4, 1614.

(3) Court Book, III, 181, July 27, 1614.

(4) Court Book, III, 186, August 3, 1614.

maintain a small residence at Bantam to buy pepper.(1) In regard to the trade of the Spice Islands, the Court of Committees also proceeded to encourage the factors to try and settle at Amboina and Banda on the somewhat mistaken assumption that "although the Hollanders threaten any who do but peep into those parts, they will be better advised than to proceed with open force to make the English their enemies."(2)

In general, however, the scale of investment in the South was to be whittled down for the time being, as the factors were considered too dishonest and incompetent to be trusted with further supplies of stock until they had made some substantial returns.(3) For the country-trade a new ship of about 100 tons was ordered to be build which would trade up and down the country from port to port.(4) Finally, the programme for 1614 was completed by the decision to extend trade to Japan, upon Saris' warm recommendation.(5) The expedition to Japan had been originally planned in 1611 at the time of the Eighth Voyage, and the commander, John Saris, had indeed succeeded in making the port of Hirado in 1613. In the meanwhile, the Company had received letters from William Adam who had been wrecked off the Japanese

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- (1) Court Book, III, 220, September 13, 1614.
 - (2) Court Book, III, 417, April 21, 1615.
 - (3) Court Book, III, 275, November 14, 1614.
 - (4) Court Book, III, 125, June 20, 1614.
 - (5) Court Book, III, 275, November 14, 1614.

coast on a Portuguese carrack, pointing out the abundance of silver in Japan which promised to provide a solution to the unpopular drain of bullion from Europe to Asia.(1) Although Adam later drew the attention of the chief factor at Bantam to the fact that the Japan trade was likely to be profitable if only the English could handle the trade from China as well, the Company hoped in 1614 that Japan would perhaps prove to be a major market for English cloth.(2)

It will be seen that during the course of 1614, the formation of the Joint-Stock in the previous year together with the establishment of the Surat trade had induced the Company to embark on far-reaching decisions to strengthen and uphold the East India trade. This policy had led to the despatch of two fleets to the Indies in early 1615: the four Surat ships under Keeling (one of which, the Lion, had Sir Thomas Roe on board) sailing in January, and three more under Samuel Castleton sailing for Bantam in April.(3) Impressive as these efforts seemed in London, their final outcome, however, was disappointing. As it was to prove so often in future, when it came to implementing the policy decided upon by the Court of Committees, the Company's servants ran into unexpected difficulties. Later, a situation was to develop in which the directors commented in bitterness on the factors' refusal to act on the advice sent out, while

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- (1) Letters Received, I, p. 151, October 23, 1611.
 - (2) Court Book, III, 260, November 4, 1614.
 - (3) Letters Received, VI, xlii.

they in turn tried in vain to convince their masters that the information on which the latter had acted might have been made out of date by changed circumstances in the Indies.

Throughout 1615 the factories in South-east Asia were complaining of serious lack of funds and in May 1615 Jourdain wrote to Richard Wickham at Hirado that the Company was relying on the profit of the Japan trade to supply the financial needs of the Bantam factory.(1) The situation was not improved by the Company's decision to cut down the direct supply of money to the South-east Asian factories for the time being. It is true that efforts were being concentrated on developing the Surat trade which, it was hoped, would provide the necessary investments in cotton cloth for the latter. But the trading connexion between Surat factory and those of the Islands took time to adjust itself. For example, in 1616, William Nicolls was writing somewhat peevishly from Atcheh:

"It grieves me that we having so sweet a trade at Surat do not make the best use thereof by their not having knowledge of the vendiblest commodity in this place and coast." (2).

The reason for real concern in the East Indies came from a different direction. The arrival of Castleton's fleet at Bantam in December and its subsequent voyage to the Moluccas under the Company's instruction convinced the Dutch of the

(1) Letters Received, III, p. 113, May 29, 1615.

(2) Letters Received, IV, p. 7, January 15, 1616.

seriousness of the English intention to contest their exclusive treaty rights in these islands. The result was a gradual outbreak of hostilities in the South Seas which culminated in open warfare with the English capture of the Dutch ship the Black Lion in December 1618, a contest from which the English Company definitely emerged worse of the two.

In contrast to the somewhat confused state of the Southern factories, the Company's affairs at Surat and in Northern India were such as to cause in the factors marked optimism. Keeling and Roe had ^{reached} Surat in September 1615, and after despatching the Lion for England, Keeling held a consultation in which he substituted four several factories...throughout the whole dominions of the Great Mogol.' Apart from Surat, there were to be three other factories at Agra (to include Ajmere), at Ahmedabad, and at Burhanpore. Since Aldworth was dead, Kerridge was made the head of the Surat factory and the chief merchant for the whole of India.(1) Keeling's work in India was no more than a token gesture. For under the energetic direction of Aldworth factories had already been settled or at least trade begun at the three above mentioned towns. It was also Aldworth who was responsible

(1) In August 1616, Keeling arrived at Bantam and almost immediately decided to return to his wife in England, leaving his work in the South unfulfilled. cf. Letters Received, IV, 301, March 10, 1616; Kerridge's Letter Book, BM Added MSS 9366; Peyton's Journal, BM Added MSS 19276.

for planning the extension of the Company's trade to Persia before his death in October 1615.

By 1614 Aldworth and his fellow factors had become aware that the earlier demand for English cloth at Surat was not likely to last.(1) Middleton's experience in the Red Sea in 1611 did not encourage them to venture out in that direction afresh, but being informed that Persia had a cold climate they naturally turned their attention to the possibility of developing Persia as a potential market for English cloth.(2) Subsequently, it was resolved to send Richard Steel, who had already been to Persia, for making more detailed investigations.(3) Steel's report was favourable, and when a new fleet of four ships under Pepwell arrived at Surat in September 1616, the Surat Council felt justified in sending an expedition to Persia in spite of the fact that it was opposed by the commander and Sir Thomas Roe who were in favour of developing the Red Sea area.(4) To the factors the immediate prospects of the Persian trade seemed

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- (1) Letters Received, II, p.98, August 19, 1614.
 - (2) Downton wrote to the Company, "It seemeth to me the ill sales of cloth in India put Mr.Aldworth into an extraordinary desire by inquisition to seek out a better place in regard of their cloths yet remaining on their hands... by his industry he learned of a port some 40 leagues without Ormuz called Jasques." Letters Received, II, 169.
 - (3) Letters Received, II, 237, December 26, 1614.
 - (4) Letters Received, III, 176-78, 1615; IV, 191, 1616. For Roe's difference with Kerridge and the Surat Council see his letter printed in The embassy of Sir Thomas Roe to India, p. 110, February 14, 1616.

extremely good as there was a war at hand between Persia and Ottoman Turkey which was likely to cause a cessation of commerce between the two countries and thus bring about in Persia a 'dearth of cloth' and 'cheapness of silk thence formerly transported to Turkey.'(1) In any case, it was said that while it 'promiseth much hope of benefit, so doth it little danger, no loss at all.'(2)

If it is permissible to repeat what has been said already, the main drive behind the Company's policy at home since the departure of Keeling's and Castleton's fleets in 1615 had been the support and encouragement of the trade of the mainland of India. To state this is not to understate the importance of Bantam and the rest of South-east Asia, which had been the mainstay of the direct trade so far. But if the distribution of shipping allocation is any guide, then Surat was definitely uppermost in the Company's mind at this time. Between 1616 and 1617, only four small ships were despatched directly to Bantam, while nine ships of very large tonnage were sent to Surat. The capital sent out was equally impressive. In November 1616, Francis Fettiplace was writing from Agra approving the Company's 'late course taken in the sending such a quantity of money' which, he went on to say, 'if you could yearly double this trade would prove an honest

(1) Letters Received, IV, 192.

(2) Ibid.

and beneficial trade.'(1)

Towards the Persian venture the Company showed itself more circumspect. The question was debated by the Court of Committees early in 1617, and it was decided to hold conference with the Privy Council as it was considered 'a matter of State as well as commerce.'(2) Finally, instructions were sent to Roe to make a cautious trial.(3) To avoid the disputes which had developed between Roe and the factors in India, Pring's fleet brought the Ambassador in 1617 additional powers authorising him 'to instruct, direct, and order all the factors in the Mogole's country' and manage the Company's affairs in general. The factors were asked to send back two ships every year to England in time to catch the SW monsoon and arrive home within a year.(4)

The three years which followed the departure of Pring's fleet were important in terms of decision making. The growth of the Persian trade, the renewed urgency of bringing order in the Southern trade, and factories, and the task of marketing the Indian imports in Europe profitably, all these factors constantly called for the formulation of a comprehensive policy on the part of the Court of Committees in London. If the main task of the directors had been so far to create the essential framework of trade, the problem now was to make it economically viable.

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- (1) Letters Received, IV, 242, November 26, 1616.
 - (2) Letters Received, VI, p.xv.
 - (3) The First Letter Book, p.455.
 - (4) Letters Received, VI, 95, October 2, 1617.

The condition of the South-east Asian factories was such as to demand first the serious attention of the directors. With Keeling's return in the Dragon in the summer of 1617, it became apparent that the plans of 1614 had largely miscarried and that it was essential to select some one else to carry out the task which had been assigned to Keeling. Choice fell on John Jourdain, who had followed Keeling in the Clove from Bantam, as he was the Company's most experienced and efficient factor and had long been in charge of the Bantam factory. Since his arrival in England he had already presented to the Company a plan concerning, it was said, 'the continuing and prosecuting of trade in the Indies,' which was well thought of by the Court of Committees.(1) His duties were almost identical to those of Keeling's. He was to 'remain at Bantam, to command the Factors thither, to examine, establish, and dissolve factories, as occasion shall be, with the advice and counsel of two more to be joined with him.'(2) This in effect was the beginning of the office of President and Council at Bantam.

Keeling and Jourdain, it may be inferred, had informed the Company in no uncertain terms of the precarious state of the Southern factories. For their arrival in England prompted the Company into immediate action. In the autumn of 1617 plans were being made by the Court of Committees to

(1) Court Book, IV, 12, September 25, 1617.

(2) Ibid.

send six ships to Bantam early next year, and two more to Surat, both the fleets being on a separate Joint-Stock. The emphasis this time was placed distinctly not on any further proliferation of factories in the South, but on greater efficiency of those already found profitable. The main business of the Company was to be concentrated at Bantam and the ports in Sumatra.(1) The connexion between Bantam and the Coromandel coast was to be maintained as the cloth of Masulipatam was considered good for Jambi and Bantam, though the coast factories were condemned as useless for supplying commodities for Europe.(2) Already, the Company was haunted by the spectre of a series of uneconomical factories run by incompetent factors, eating up the money in current expenditure that should have been invested on return goods. Therefore, a year later, when the Court of Committees received a general report from George Ball, the chief factor at Bantam, who himself was a deeply-suspect person with the Company at this time, with the apologetic admission that it was through bad management that the factors had been 'for a time forced to live upon the main to the Company's loss', the directors' concern and displeasure was expressed in an immediate command to Jourdain to liquid such unprofitable factories and send home 'all exorbitant and insufficient factors.'(3)

(1) Court Book, IV, 17-18, September 25, 1617.

(2) Ibid; Original Correspondence, VI, 679, August 15, 1618.

(3) Court Book, IV, 293, February 5, 1619; Ball's letter Original Correspondence, V, 595, January 19, 1618.

If organisation was the main problem of the Southern factories, the considerations which guided the Company's policy towards the Surat and Persian trade were rather different. For one thing, the factories on the mainland were much easier to manage and did not involve complicated shipping movement from island to island, nor were their buying technique so complicated. The organisation of the country-trade from Surat also presented little difficulty for the Company.(1) However, after four years of direct trading with Surat, when the Company was beginning to receive considerable quantities of Indian goods, it was discovered that the problems of marketing such commodities at an adequate profit raised fundamental questions of policy. The difference between the trades of the Island and of India was that one was already well-established while the other was just beginning to make its impact felt. No one as yet questioned the central position occupied by pepper in the Company's finances. In 1619, though the prices were declining, the Company had even advised the factory at Atcheh to send as much pepper as possible.(2) But in a review held to consider the merits of the Surat trade, doubts were expressed whether the returns from India would have covered the overhead costs had the Company not been helped

(1) Court Book, IV, 29.

(2) Court Book, IV, 293, February 5, 1619.

by pepper from Bantam.(1)

The question of the heavy costs of the Surat trade was raised as early as 1617, when it was complained in Court that the shipping charges had forced up the selling price of indigo in Europe. The policy adopted was to cut down the number of ships from four to two, if possible, so that the price of indigo could correspondingly be reduced from 6s per lb to 4s; assurance was held out that the lower price would cause no disadvantage owing to the quick returns which ^{was} to be expected from now on. Moreover, it might lead to the diversion of the indigo trade through the Levant 'as hath been of spices.'(2) For the next two years the issue of shipping to Surat and the profitability of this trade was a constant theme which kept coming up at every debate on policy. The extension of trade to Persia and Roe's urgent insistence on the re-opening of trading relations with the Red Sea added a further reason for reviewing the whole situation thoroughly.

The Company had received the first direct letters from Edward Connock in Persia by the overland route in April 1618.(3) Eccentric and ambitious, Connock had grandiose designs for diverting the silk trade of Persia from Ottoman empire to the Persian Gulf, into English hands. Already, the Treasurer

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- (1) Court Book, IV, 437, October 25, 1619.
 - (2) Court Book, IV, 18, October 30, 1617.
 - (3) Court Book, IV, 163, April 17, 1618.

of the Shah, he wrote, had offered the English two or three thousand bales of silk to be shipped freely from Jask, his reason being the wish 'to weaken his enemy the Turk by passing all his silks into Christendom by sea.'(1) He also held out high hopes for the sale of English cloth, tin, quicksilver, and vermilion, and he begged the Company not to be dissuaded from sending the large quantities mentioned by their unfortunate previous experience at Surat.(2) If the goods from Europe were not enough to pay for the whole quantity of silk offered by the Shah, the rest could be exchanged for pepper and spices brought from Bantam. He had already asked the Bantam factory, he informed the Company, for a ship of 500 tons to be sent to Persia annually.(3)

The Company's reaction to these dramatic proposals was at first cautious. When the Court of Committees shortly after debated the question, numerous objections were raised. The Persian trade, it was alleged, would never bring any profit to the Company as the silk was too high-priced, and also 'supposing it impossible to find means to satisfy such great quantities as (are advised) the Emperor is contented to give credit for.' In the end, those members who were in favour of the Persian trade were able to carry the day and it was stated succinctly in the Court Minutes that the Company

(1) Letters Received, V, 244, May 15, 1617.

(2) Letters Received, V, 278, June 2, 1617.

(3) Letters Received, V, 279.

"having had eye upon this Trade of a long time, made many trials and proceeded hitherto with a desire to bring the said Persia trade of silk into the Land, being honourable and profitable, as is conceived for a King and country, and having such overtures now offered, held it no discretion nor wisdom to refuse it or leave off without further trial."(1)

The Persian business being settled, there still remained the problem of regulating the Surat trade. Early in 1619, when the Court of Committees agreed to send three ships to India, proposals were made in Court for restricting the supply of Indian commodities for one year either by making no returns at all or advising the factors to send home smaller and fewer ships.(2) The idea behind them was to hold up the prices by controlling the supply, and this new line of policy was expounded at greater length later in the year in a series of crucial debates which clinched the Company's policy towards the direct trade of Surat and the rest of India. In a preliminary discussion it was decided 'not to question the main trade to Surat but only the great charge which ought to be regarded and the profit that may be made hereafter.' Some members hoped that as an agreement had been concluded with the Dutch they might be persuaded to join with the English and ease the latter of the heavy

(1) Court Book, IV, 174, May 15, 1618.

(2) Court Book, 285, January 19, 1619.

burden of providing strongly-armed ships to counter any possible attack by the Portuguese, especially as the Dutch could send ships to sea at any time from Flushing.(1) There was reason for anxiety and it was thought dangerous to reduce the size of the Surat fleet, as the Company had received intelligence that Ruy Frere da Andrade, the most determined enemy of the English in Portuguese India, was preparing a strong fleet against them in the Azores.(2)

While the cost of the Surat shipping remained heavy, the profits of the trade was generally declining owing to the fall in the price of indigo and calico in Europe and a corresponding rise in the cost price in India.(3) Blame was squarely put on the smuggling of these two commodities by the sailors who, it was alleged, "by the greedy and unskillful buying hurt them in the price and in the sale here, people taking advantage to raise the merchants to the price the marriners give." (4) But Thomas Munn produced a wealth of figures to prove that the Surat trade in spite of the extraordinary increase of the charges 'in the Country' and 'the fall of the worth in the rial' was still profitable. For example, one rial rated at 4s 6d still produced a profit of 19s 5 $\frac{3}{4}$ d and with care this might be increased to the full 20s. Finally, the Court of Committees came to the

(1) Court Book, IV, 437, October 25, 1619.

(2) Court Book, IV, 441, November 2, 1619.

(3) Court Book, IV, 437.

(4) Court Book, IV, 441, November 2, 1619.

conclusion that:-

"It was a trade worthy to be followed but not with so great charge as formerly hath been... and that special charge must be given hereafter to prevent the rising of the prices of commodities there in the Country and to seek to hold up the price here, and therefore to bring in no more indigo than may be conveniently vented nor likewise calico. By which precedence the Trade of Surat, being the life of the other trades, being good now will be better hereafter." (1)

That the foregoing programme lays strong, almost unscrupulous, emphasis on monopoly and profiteering cannot be denied. These were the two most characteristic features of the East India trade that did much to create an unpopular image of the Company in the country at large. Yet, basically, they were the by-products of a number of adverse factors, such as the heavy initial outlay, the enormous costs of maintaining the trading organisation in Asia, and, not the least, the slow expansion of the markets in Europe for Asian commodities. In the earlier years just as the Company's policy of creating a multilateral trading system in Europe and Asia was dictated by the need for greater flexibility in the choice and range of imports as well as the easing of capital exports from England, so in the later, increasing costs and declining profits led to a policy of retrenchment in South-east Asia and 'regulated imports' in Surat.

(1) Court Book, IV, 445-47, November 9, 1619.

Section 2. Crisis in East India trade and struggle for continuation.

To divide the East India Company's commercial policy into two phases before and after 1620 might at first sight seem arbitrary. Yet, in our view such a division is justified not only for the sake of the clarity which must accompany any historical analysis but also because of the distinction which the Company itself later drew, whenever there was an occasion for a retrospective reviewing of the history of its trading activities, by referring to the earlier period as one when 'the trade was in the clouds.' This, admittedly, was an exaggeration, designed to convince timid or disillusioned shareholders at a time of crisis of the present benefits of the trade, its comparative stability, and its attractive future prospects. Though the establishment of the Company's commercial organisation and the formulation of a definite trading policy had taken a long period of time, the financial rewards of the East India trade during the first twenty years were far from being negligible. But the scale of the initial efforts left a lingering doubt in the minds of the ordinary members that at such price trade was not worth pursuing.

That by the early 1620's the Company's factory organisation in Asia had reached its final form - as

exemplified in the two Presidentships of Bantam and Surat - can be seen in the following enactment, which was incorporated into the Company's book of Standing Orders printed in 1621 :-

"The affairs of this Company in all parts of the East Indies shall have Dependence upon two principal Factories, (viz.) Bantam in the island of Java Major, and Surat in the Gulf of Cambaya, under the Great Mogol, or any other places where the Presidents shall reside: and unto them, all the other Factories shall be subordinate in manner following, and first unto Bantam shall be accountable, all the Factories in the several islands of the Moluccas, Banda, Amboina, China, Japan, the Celebes, Borneo, Java, Sumatra, and in the Provinces of Cochinchina, Siam, Patania, Camboja, and all other factories upon the Coast of Coromandel, as Petapoli, Masulipatam, Pulicut, and all the rest in the Gulf of Bengal, together with all the factories upon the coast of India or Malabar, from Goa southwards. And unto Surat shall accountable, Ahmedabad, Ajmer, Agra, Baroch, the Court of the Great Mogol, and all the factories within the Gulf of Cambaya and upon the coast of Malabar, southwards as far as Goa, together with Mocha, and all the factories in Persia or within the Persian Gulf."(1)

It must be pointed out that in some of these countries, China for example, factories were never established; some others, again, in the periphery of the Indonesian Archipelago were soon abandoned. But the framework itself endured. It was not that experiments, dictated by commercial exigencies or political pressure in the Indies, were not attempted. In

(1) Laws or Standing Orders of the East India Company. (This is an extremely rare tract, and, to my knowledge, has not been used before. cf. Chapter VI, p.266) The italics are in the original copy.

the 1630's, for instance, Bantam for a brief period was turned into an Agency and placed under the control of Surat. Yet, such changes were generally contemplated by the Court of Committees in a mood of exasperation and seldom became permanent. In any case, by 1620 the policy of expansion had reached its apogee and the dominant theme henceforth was to be retrenchment and greater efficiency.

Towards the direct trade also the Company's policy had found a decisive pattern. There were the usual annual debates on the number of ships to be sent out, the size of the stock, and the general directives to be issued to the factors in the Indies about the purchases of commodities. But after 1620, the range of East India imports in London varied little in character, while the exports from Europe by this time had virtually become stereotyped. It is true that the commercial importance of a particular commodity and its relative level of importation might fluctuate according to the state of demand in the European markets. But this was a question of emphasis and not of a fundamental change of policy.

The challenge facing the Company during the second quarter of the seventeenth century was different from that of the first. The main point of debate was not whether this or that line of policy should be pursued, but whether the Company was in a position to go on trading at all under -

as it seemed to the majority of the shareholders - overwhelming odds. No one doubted the merit of the system itself. But in the face of a series of crises, such as the Dutch War in the Indies, the shortage of capital at home, or the famine and the consequent trade depression in India, the task of working the system effectively seemed far beyond the capacity of the Company. The trading organisation and policy of the East India Company had derived its form from the logic of commercial considerations. But the assumption that such a development by itself was sufficient to ensure the success of the East India trade proved dangerously deceptive. The two major issues - the 'Dutch problem' and the lack of liquidity ensuing from either inadequate returns from the Indies or shortage of investing capital in the City - were in a way expressions of an inherent weakness in the Company's position. In a sphere of trade where economic competition was likely to be accompanied by armed pressure, the stability of trade required not only powers of organisation but also a wide margin of financial strength and the active support of the State, neither of which the Company was able to command.

Thus the first serious threat to the newly-created structure came from the outbreak of open hostilities in the East Indies between the English and the Dutch Companies in 1618-19. The effect of the war on the affairs of the

English Company was disastrous. The Dutch captured 11 English ships, some of them with their full supply of silver from England. Jourdain himself was killed by a Dutch cannon shot in the Gulf of Patani on board the ship Sampson.⁽¹⁾ There is no doubt that the war shook the confidence of the factors and set off a chain reaction at home which, with fresh Dutch depredations and exactions, unfolded itself relentlessly until in the late 1620's the General Court of the Company in desperation resolved to give up the trade altogether. One of the factors, Augustine Spalding, warned the Company in November 1619 that the Dutch aimed to be the sole masters of the East Indies and begged the Company to take some course for "preventing future mischief of the Dutch," otherwise, "they may judge what will become of their East India trade, having no place in the Indies to retire to for succour."⁽²⁾ The commercial result of the conflict can be seen in the figures of pepper imports from Bantam which show a sharp decline between 1619 and 1622.⁽³⁾

Nor did the conclusion of peace in Europe, the news of which arrived in the East Indies at the beginning of 1620, bring the expected relief from strain.⁽⁴⁾ Earlier

(1) The Calendar of S.P. East Indies, 1617-21, p. 325.

(2) Original Correspondence, VII, 826, November 23, 1619.

(3) cf. Appendix A, (1).

(4) The Calendar of S.P. East Indies, 1617-21, 843.

Sir Thomas Roe had advised the Company from India against any agreement with the Dutch which involved a sharing of costs and profits. For his view was that 'their garrisons, charges, and losses by negligence will engage the Company to bear part of their follies for no profit' and that the best way for the Company would be to come to an agreement as to which ports in the Indies both the English and the Dutch might frequent together without coming to blows.(1) This warning proved prophetic. Complaints soon began to arrive of the vindictive nature of Dutch demands and the heavy burden of sharing expenses with them.(2) The Dutch, it was reported, had inculcated such a fear among the local population that no merchants dared to trade with the English until the former were served first.(3) The Dutch authorities in the East Indies were also exasperated by the English refusal to co-operate in some of their more ambitious offensives against the common enemies, the Spaniards and the Portuguese. When plans were being discussed in London and Holland for the movement of the Fleet of Defence, as the joint English and Dutch fleets were to be called, voices were not lacking in the Court of Committees to demand that the English ships should first go to Surat or Bantam and not to the Philippines or the Moluccas where, it was said,

(1) Original Correspondence, V, 610, February 14, 1618.

(2) (PRO) East Indies, I, No.85, C.S.P. East Indies, 1617-21, p.417; Original Correspondence, VIII, 1028, January 11, 1622.

(3) Original Correspondence, VII, 901, October 15, 1620.

'we have little to do.'(1) By 1622, after one year's partnership with the Dutch, President Fursland and his Council were writing to the Company from Batavia that unless they shortly had redress from the Company they would be 'quite tired out with living in this kind of slavery.'(2) These grievances and the differences over the working of the treaty led to a revision of the previous agreement, in January 1623, after protracted negotiations between the commissioners of the two countries.(3) But before it could be put in force a more serious breach had occurred in the East Indies.

The impression of South-east Asia which one gathers from the factors' letters from Batavia during this period is that of a trading area in which the directors of the Company at home were gradually losing interest. That this was so after 1626 there is no doubt. But prior to this, the justice of the charge of neglect continually levelled against the Company by the factors in the East Indies is more open to doubt. One of the sources of their chronic complaints was the shortage or downright lack of capital for the Southern factories. In March 1622, Fursland wrote to the Company that for want of stock and lack of shipping they must sit still and warned them that if supplies did not

(1) Court Book, IV, 413, September 22, 1619.

(2) Original Correspondence, VIII, 1028, January 11, 1622.

(3) The Calendar of S.P. East Indies, 1622-24, p. 105.

come on time it would be impossible to provide cargo for the returning ships, which, he added, would give the Dutch such an advantage in trade as 'we shall never be able to recover.' (1) The same reason was alleged a year later for not providing returns for home. Furthermore, the new President, Thomas Brokeden, pointed out that the adventurers if "they had rightly understood the state of their affairs in these parts and how their stock was employed, would have small cause to fall into admiration and never enter into consideration of the chargees they are at by entering into that new defensive or rather offensive business with the Hollanders, and how the Hollanders sent out as much money in one year as they did in three." (2) Brokeden indignantly denied that negligence and improvidence of the factors were responsible for small returns. (3)

There was already a tendency towards a mutual recriminations on the part of the directors and the factors alike, and the loss of the account-books makes it difficult to arrive at the exact truth. In fairness to the Court of Committees it must be pointed out that they were aware of the financial needs of their Southern factories. In fact,

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- (1) Original Correspondence, VIII, 1039, March 6, 1622.
 - (2) Original Correspondence, X, 1130, December 14, 1623.
 - (3) In November 1621, for example, the Governor had informed the Court that "their affairs in the Indies lies a bleeding and that partly by the dishonesty of some factors partly by the weakness of others that are over-matched with those that govern for the Dutch." Court Book, V, 203, November 12, 1621.

by 1620's, the Company had got into a situation in which it had to keep the factories in the Indies continuously supplied with fresh capital or face the total loss of that already invested. When the question of supply was discussed in the spring of 1622, it was categorically stated in Court that "since the Company are entered into and engaged in a great charge both for their Molucca trade and of their 30 sails of shipping now abroad, that therefore such necessary supply may be sent yearly as may support this charge which will otherwise consume the principal." Opinion was expressed that 200,000 rials of eight should be annually sent to Bantam.(1)

If the Company had made efforts on this scale, it is difficult to understand why the factors complained of neglect. On the other hand, the figures of pepper imports display a consistently upward trend between 1622 and 1626, which, while throwing further doubt on the reliability of the factors' letters as a true indication of the state of trade in the South, would also seem to indicate that the Court of Committees were not entirely justified in accusing their servants of making negligible returns from the Indies. It is possible, however, that the Company had underestimated the level of expenditure that was necessary to keep the Souther factories productive and that their high expectations

(1) Court Book, V, 376, March 18, 1622.

were consequently based on a miscalculation. They were also relying on the restitutions to be made in the Indies by the Dutch for the war losses, which were not forthcoming. In 1622, the directors were endeavouring to reduce the expenses by 'dissolving unprofitable factories as Japan and the like.'⁽¹⁾ But the factors also admitted that one of the reasons which hampered them in making the best use of their stock was the unprofitable nature of trade at Batavia, whither the English had been compelled to move since 1620 with the Dutch blockade of Bantam.⁽²⁾ The closure of Bantam to English trade until 1628 was regarded as one of the contributory causes for the decline of the commercial importance of the Southern sphere during this period.⁽³⁾ Whether this was justified or not, it added to the general frustration.

In contrast to the trade of South-east Asia, that of Surat displayed greater stability even if the pace was a great deal slower. In the Northwards, it was only the trade of Persia that provided the Court of Committees with a topic for intermittent debates. Towards the imports from India the restrictive policy adopted earlier was still followed. The factors were periodically instructed to cut down or step up the purchase of calicoes and indigo

(1) Court Book, V, 376, March 18, 1622.

(2) Original Correspondence, IX, 1076, August 27, 1622.

(3) cf. Court Book, X, 365-78, May 20, 1628.

according to the state of prices in Europe. For example, in 1622, it was said that advice should be sent to the Surat factors to stop buying calicoes for a year as 'by the blessing of God' two years' return was shortly to be expected. The proposal, however, was not adopted for this year as the stock at Surat was considered to be 'over great to lie idle.' But two years later factors acknowledged the Company's instruction to make a temporary reduction in the investment on calicoes.(1)

The Persian trade presented the Company with greater problems, and there seems to have been considerable doubts in the minds of the English merchants whether it was wise to continue this trade or not. For here the purely commercial considerations had strong political overtones. In the general scheme of retrenchment which was planned in 1622-23, the Court of Committees decided to withdraw from Persia for a year, leaving only three or four factors there. But they left the Surat President and Council some ground of manoeuvre by adding 'unless better conditions may be procured and effectually confirmed.'(2) The news of the capture of Ormuz from the Portuguese by the joint Anglo-Persian forces in 1622 added a note of encouragement. It was stated in a meeting in February 1624 that the trade of

(1) Court Book, V, 376, March 18, 1622; Original Correspondence, X, 1130, December 14, 1623.

(2) Court Book, V, 307, January 23, 1622; Factory Records Surat, cii, 463, November 12, 1623.

Ormuz should be adopted, but first it was to be settled whether in the eyes of the English Government 'they be malefactors or not.' (1) Since England and Portugal were officially at peace, the Company expected trouble. It only escaped from the rigour of the law by satisfying the financial cupidity of the King and his minister. The Company paid £10,000 to Buckingham on the legal grounds that as Lord High Admiral he was entitled to one-tenth of the prizes taken at sea but only after the threat of the detention of its fleet and proceedings in the Admiralty Court. (2) A similar sum also had to be paid to King James when he indignantly asked the Company, "Did I deliver you from the complaint of the Spaniard, and do you return me nothing?" (3)

Commercially, concern was caused by the old difficulty of an insufficient demand for English cloth and other native commodities in Persia and the competition of the European silk traders in the home market. The Company was disinclined to drive this trade with money, and considered that it would be profitable if only the silk trade was diverted

(1) Court Book, VI, 394, February 3, 1624.

(2) (PRO) East Indies, II, 83, the minutes of Edward Nicholas, July 23 to June 23, 1623-24. C.S.P. East Indies, 303, 446-48. When the Government asked the opinion of Sir John Coke he advised that the Company should not be charged with piracy as 'it would dishonour the nation abroad; be doubtful against so great a Company; tend to overthrow the Company and trade; and prejudice His Majesty.' Ibid, 394.

(3) C.S.P. East Indies, 1622-24, 303.

completely from the Levant route. Fears were expressed that there was no hope of making a suitable profit as long as the silk was brought to Europe both by Sea and Land; and the French and the Italians were allowed to control the silk market of Aleppo.(1) The directors, however, kept these misgivings to themselves, as the Government, at the instigation of Sir Robert Shirley, who claimed to be the accredited envoy of the Shah, were taking an active interest in the Persian trade. The Company considered Shirley to be an imposter, but nevertheless when the Privy Council made inquiries about the Company's plans for the Persian trade, replied prudently that 'they now do and are resolved to follow the trade as merchants upon such grounds as their experience hath discovered.'(2)

In May 1624, a Dutch barque of advice arrived in the Texel from the East Indies bringing with it the fateful news of the so-called 'Massacre of Amboina.' On the 28th, Carleton, the English Ambassador, sent a report to Secretary Conway and three days later mention was made in Court of Committees of the 'cruel and barbarous tortures and executions in Amboina.'(3) The consequences of this act of intransigence on the part of the servants of the Dutch East India Company proved acutely embarrassing to the States-General

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- (1) Court Book, VII, 215-17, November 24, 1624.
 - (2) Court Book, VIII, 57-59, May 30, 1625.
 - (3) C.S.P. East Indies, 1622-24, p.283, Court Book, VI, May 31, 1624.

and the English Government. For the cry of justice and the threat of reprisal which was at once raised in England interfered with the larger questions of national foreign policy. Neither of the two governments was in a position to take an active line, and the official inaction was interpreted by the English Company as amounting to a crushing blow to its trade. At first, the Company's determination to continue the trade was not challenged by the general body of the shareholders, but only pending the negotiations which were going on between the Court of Committees and the Government. Under pressure from the merchants James I was forced to issue a warrant authorising the Navy to capture the Dutch East India fleet in the Narrow Seas either homeward or outward bound.(1) But care was taken unofficially to see that no serious efforts were made to interfere with the Dutch ships. The Company was naturally suspicious of the good faith of the Government, but the Generality's indignation reached its pitch when in 1625 the Dutch East India fleet returning from the Indies was allowed to escape unharmed within sight of the royal men of war stationed at Dover.(2) On July 1, the General Court, in spite of the Governor's plea against any hasty resolution, decided by a majority vote to 'give over the trade for the Indies',

(1) Court Book, VIII, 142-44, September 20, 1624.

(2) Court Book, VIII, 103-05, July 15, 1625

unless something definite was done to render justice to the Company. Individual members made this a pretext for refusing to bring in their subscriptions.(1) This decision put the Governor and the Committee in a stronger position in their negotiations with the Privy Council, and at their next meeting they informed the Lord Treasurer that the general members were so discouraged by their losses and the neglect to capture the Dutch ships that they had given up any hope of continuing the trade, "it being now apparent to them that their complaints will prove but fruitless unto them and that they must expect no redress but be content to sit down with their losses."(2) The Government were concerned and expressed their displeasure in a peremptory command to continue with the trade, but at the same time speedy reparation was promised to the Company.(3)

That the Company for its part was not too serious in its threat of discontinuing the trade was shortly proved when the terms of the treaty of Southampton became publicly known. By this treaty, which was dictated by mutual political necessity, Charles I bound himself, among other conditions, not to make any reprisals against Dutch shipping for eighteen months.(4) The Company was now placed in a quandary. It was clear to the Generality that their Governor and

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- (1) Court Book, VIII, 93-99, July 1, 1625.
 - (2) Court Book, VIII, 103, July 15, 1625.
 - (3) Court Book, VIII, 110-11, July 23, 1625.
 - (4) Court Book, VIII, 163-68, November 30, 1625.

Committee had kicked their heels in vain for a year in the various royal antechambers, and as nothing further was to be expected from the Government in the immediate future it was resolved to make the best of the situation. Thus, in the meeting of the General Court on November 30, 1625, with the help of an encouraging letter from the King the Governor, Sir Morris Abbot, was able to persuade the members to reverse their previous resolution and 'follow the trade.'⁽¹⁾ This ended the crisis for the time being, but the tactics adopted by the General Court on this occasion set a dangerous precedent for disrupting the Company's trade in the future.

Although the Company had resolved to carry on with its activities, the two ensuing years were a period of extreme difficulty both for trade in general and for the Company in particular. An outbreak of plague in London virtually brought all business to a standstill, which accentuated the financial losses from which the Company was already suffering. It was not long before the effects of the hesitant and uncertain policy of the Company in London were transmitted to the East Indies from whence the factors earnestly urged the directors 'to lay a foundation with the Dutch', pointing out that there was 'an ocean of wealth in India which is in these former

(1) Court Book, VIII, 163-68, November 30, 1625.

difficulties made the most miserable trade in the world.'(1) If the King did not support the Company's cause, they warned bluntly, and force the Dutch to abandon their Machiavellian policy, then the Company must expect neither 'commodities nor trade in India.' By the middle of 1627, the English factory at Batavia was reduced to such a desperate state, that President Gabriel Hawley wrote to the Company in no uncertain terms that they must be forthwith supplied with stock so that they could start making arrangements for returning to Bantam and not be left in a 'Bay of Uncertainties.'(2) Once again, all the old arguments that the Company must not in any way neglect the trading link between Surat and the Southern factories, which was the very life of their trade, were repeated at length. "These two parts of the East India trade,"wrote Hawley somewhat pathetically, "the Northern clothing united with Java and Sumatra, might well content the most avaricious traders in the world." (3)

At home the Company was engaged in a radical revision of its policy towards the trade of the South which, it was felt, had become imperative in view of the difficulty with the Dutch, the declining profitability of pepper, and the

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- (1) Original Correspondence, XI, 1207, February 6, 1626.
 - (2) Original Correspondence, XI, 1255, July 18, 1627.
 - (3) Ibid., cf. extracts from a letter from Bantam dated February 17, 1628, (PRO) East Indies, IV, 27.

shortage of capital. Although the Court of Committees were well aware of the urgent need for a decision, since it was stated in Court that if the factors at Batavia were kept blindfolded for two years they would begin to think themselves in a desperate case, yet nothing finally was settled for two years even after the whole question had been discussed thoroughly over and over again. There was complete unanimity that the Company's continued residence at Batavia 'under the slavery of the Dutch' was not to be tolerated.(1) But when it came to looking for an alternative, the implication that the choice of a new centre would be tantamount to a confirmation of the Southern trade raised considerable resistance even among the directors. The unprofitability of the Batavia factory was ascribed, apart from the losses inflicted by the Dutch, to the "improvident carriage of their factors in those parts in keeping and maintaining 11 ships for that factory, the repair of which together with the victuals spent and the servants' wages ... hath been an excessive charge and expense unto the Company without yielding any profitable return." (2) Thomas Mun, surprisingly, came out against the proposal for resettling at Bantam and advocated a complete withdrawal to North India from whence the Company

(1) Court Book, IX, 104, September 8, 1626.

(2) Court Book, IX, 133, October 6, 1626.

could direct its affairs elsewhere just as the Portuguese did from Goa. Referring to his famous theory that to be profitable the East India trade required a return in proportion of $3\frac{1}{2}$ to 1,⁽¹⁾ he maintained that the Second Joint-Stock's dividend rate fell below this level and thus it was a 'loosing trade.' To this, one of the directors, Robert Bell, retorted that 'he well remembered that time hath been when the Trade of Surat hath been as much spoken against in this Court as this of Bantam is now' - obviously thinking of the controversial debates on the Surat trade in 1619.⁽²⁾ Various proposals were made to find a way out of the deadlock: that either Atcheh, Jambi, or Masulipatam might become the seat of the Southern Presidency or that the Company might abandon the 'factory system' altogether and like the first twelve years send only ad hoc voyages.⁽³⁾ In the end, the Governor's plea for a middle course was adopted. It was resolved to send one or two ships to the South every year which would keep life in the business 'until they shall understand the intention of the State whether to relieve them or not against the injuries and insolencies of the Dutch.'⁽⁴⁾ Instructions were sent to the factors at Batavia to sell the house to the Dutch and move to Bantam; if trade was denied to them at Bantam, then

(1) J.R. MacCulloch, Early English Tracts on Commerce, p. 147

(2) Court Book, IX, 137, October 6, 1626; see p. 57.

(3) Court Book, IX, 183, November 15, 1626.

(4) Court Book, IX, 136, October 6, 1626.

they were to dissolve the Presidency and Council and settle at Jambi, which was now their sole source of pepper.(1) The Macassar factory was to be continued for expanding the clove trade, but Atcheh, Ticu, or Priaman were to be visited only by ships on their way Southwards without keeping settled factories.

The issues which agitated the Court of Committees and the general stockholders in 1626 left their repercussion mainly on the future of the Southern trade. But by 1627, as it became clearer that the Second Joint-Stock could not be prolonged financially any further, the crisis was extended to the whole of the East India trade. To discuss the ways of raising money the Governor appointed a joint Court of the Standing Committee and a special Select Committee drawn from the General Court. When this Mixed Court met on July 20, 1627, it was decided by general vote to desist from trading for a time.(2) All the exhortations of the Governor and Thomas Mun that it was essential to send some shipping presently to realise the Company's assets in the Indies were in vain. The Mixed Court repeatedly confirmed its previous resolution.(3)

One of the causes for this extreme dejection was undoubtedly the growing belief, hardening into certainty,

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- (1) Court Book, IX, 183, November 15, 1626.
 - (2) Court Book, X, 20-29, July 20, 1627.
 - (3) Court Book, X, 79-81, September 11, 1627,

that the King was unable to give any political support to the merchants. Sir Edwin Sandys, a prominent non-merchant member of the Select Committee, put his finger on the problem when he informed the Court that the Company could hope for no redress "because of the different government of the two States, their being popular, our monarchical ... so that our King treats with them upon very great disadvantages, because the States-General have no powers over their Subject to command them, nor will the Bewinthebbers obey them if they should." (1) It was therefore with some surprise, though with great excitement and satisfaction, that the Company learnt in September 1627 of the arrest of three Dutch East India ships which had put in at Portsmouth.(2) As the time limit set in the treaty of Southampton had expired without anything positive being achieved by negotiation, the Government no doubt felt it incumbent upon them to take some drastic action. According to Sir John Wolstenholme, the Farmer of the Customs, who attended an interview with the King on September 5, when informed of 'the general decay of trade and particularly with the decay of the East India Company', the King had seriously protested that he had no intention of losing the East India trade.(3) Although the Company's attitude

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- (1) Court Book, X, 20-29, July 20, 1627.
 - (2) Court Book, X, 82, September 21, 1627.
 - (3) Court Book, X, 72, September 5, 1627.

remained cautious,⁽¹⁾ and the Dutch ships were subsequently released, this token demonstration was sufficient to put fresh heart in the adventurers.⁽²⁾

For the rest of 1627 and throughout 1628, innumerable discussions were held by the Mixed Court. The only outcome of these lengthy and often controversial debates was the inception of the three separate 'Persian Voyages' by throwing open the trade of Surat and Persia to new subscribers with the free option of trading to the Southwards; while the shareholders of the Second Joint-Stock were persuaded to send two ships to Bantam to bring home the assets remaining to it. It was perhaps to be expected that the reversion to the earlier if financially chaotic system of trade should have resulted in the relegation of the Southern Presidency to a secondary place in the Company's commercial organisation. The trade of Surat and Persia naturally appeared to hold out promise of greater economic rewards as well as a measure of that political security lacking in South-east Asia.⁽³⁾ Financial stringency at home and the decline of the Southern trade, due to political and commercial impediments, were the two factors which had combined to bring about the general crisis of 1627-28. Thus, if the adoption of the separate voyages was in the event the logical answer to

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- (1) Court Book, X, 161-63, November 12, 1627.
 - (2) Court Book, XI, 63-65, August 20, 1628.
 - (3) Court Book, X, 395-98, June 5, 1628.

the first problem, the choice of the principal trading area was similarly the expression of a shift in the Company's commercial policy. The Bantam trade was not wholly abandoned, but the Presidency was reduced to an Agency and together with the factories on the Coromandel coast was placed under the control of the Surat President.⁽¹⁾ It is conceivable that the ideas propounded by Thomas Mun in 1626 were at last bearing fruit.⁽²⁾ In the Court Minutes the reason officially stated for the reduction in the scale of operations in the South was that the stock was small and 'that the Trade is not now driven as formerly by a joint-stock but by particular voyages which are uncertain.'⁽³⁾ In view of the progressive decline of the profits of the pepper trade, the new chief of the Surat Presidency, Thomas Rastell, on whose hands was assigned the task of re-organising the entire trade of the Company in the Indies, appeared to have been commissioned to restrict the pepper shipments to a prescribed limit and concern himself mainly with the expansion of the clove trade of Macassar.⁽⁴⁾

The three Persian Voyages were a temporary expedient, and it may be argued that the formation of the Third Joint-Stock in 1631, the precise circumstances of which are

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- (1) Original Correspondence, XII, 1335, December 31, 1630.
 - (2) see p. 77-78.
 - (3) Court Book, XII, 175, February 18, 1631.
 - (4) Original Correspondence, XII, 1313, September 29, 1630.

obscured by the loss of the Company's records for this period, was a step that eventually led to the restoration of the Bantam Presidency in 1633. The factors at Bantam did not conceal their dislike of being subordinated to Surat, and this measure caused such ill-feeling and administrative inconvenience that the Company could do little but free Bantam factory from the control of Surat.(1) In fact, the Company's trading activities during the remaining years of our period functioned within the old administrative framework, though the events in the East Indies once again necessitated a change of emphasis, this time from the North to the South.

As it has been said already, it was not the intention of the Company to relinquish the Southern trade altogether, but the full extent of the Company's financial commitments in this area became apparent only when the shareholders of the Second Joint-Stock attempted to wind up their affairs. For in 1631, on receiving letters of advice from Bantam, the latter found it necessary to send two more ships to bring home the stock remaining there, after various proposals such as commissioning those members of the Company who were also members of the Levant Company to send ships to carry the pepper straight to Leghorn or of selling it to the Chinese or the Dutch in the East Indies were propounded and

(1) Court Book, XIV, 64, September 6, 1633.

rejected as unsatisfactory.(1) The new line of development in the South was not, however, the revival of the pepper trade to its old prominence, but the forging of a separate commercial link between the factory at Macassar and those on the Coromandel coast which was based on the identical business-technique of exchanging Indian piece-goods for the products of the Archipelago but with the difference that the Coromandel cloth now took the place of the Gujarat while for pepper were substituted cloves. This re-orientation certainly owed its beginning to the practice instituted by the promoters of the Persian Voyages of sending a ship to the Coast and from thence to Macassar to procure cloves.⁽²⁾ But the full-scale attempt to develop the East coast of India as an alternative to Surat, which was the marked feature of the Company's policy towards its direct and inter-port trade between 1632 and 1638, was motivated by the devastating famine in Gujarat.

From 1631, ominous reports began to arrive from India of the effects of famine on trade, and next year the Court of Committees resolved to reduce the volume of shipping to Northern parts because 'of the present dearth in the Indies, the mortality of handicraftsmen, and the scarcity of commodities.'⁽³⁾ At the same time, plans were being devised

(1) Court Book, XII, 9, July 9, 1630.

(2) Court Book, XII, 37, September 17, 1630.

(3) Court Book, XIII, 48, August 31, 1632.

for creating a direct trade in calicoes from the Coromandel coast which, it was said, could also supply Macassar where 'the cloth from the coast ... will double itself and the proceeds invested in cloves, turtle shell, and sandal wood will at the coast yield forty or fifty per cent profit.'(1) Since there was a depression in the Persian trade and pepper was held unprofitable, Thomas Mun proposed that the Company's direct investment to the Coromandel factories should be increased from £15,000 to £20,000, a suggestion which was not only adopted on this occasion but acted upon until 1637.(2) What the exact proportion of the Company's investment was during this period as between the East coast and Surat, it is difficult to ascertain. But there is evidence that the East coast grew at the expense of the West, as it became clear to the directors by 1634 that both their Surat and Persian trade was in serious difficulty.

In Persia, the dislocation was at first caused by the Death of Shah Abbas and the abrogation of his commercial agreement with the factors of the Company by the new King, and it was not long before the depressing effect of the Indian famine was felt there also. In 1633, the factors reported from Persia that buyers were lacking for English goods and that no more cloth should be sent for two years. (3)

(1) Court Book, XIII, 59, September 14, 1632.

(2) Court Book, XIII, 51, September 5, 1632.

(3) Original Correspondence, XIV, 1483, January 4, 1633.

At home, though it was known that 'the trade of India cannot subsist without the trade of Persia', increasing pressure was brought upon the Court of Committees to 'give over' this trade absolutely.(1) From Surat itself the energetic new President, William Methwold, intimated that there was no hope of trade in Gujarat for four or five years and that Masulipatam must in the meanwhile supply all the requirements of the Company.(2) This knowledge, however, encouraged him to organise an intense port to port trade along the West coast, to Persia, and the Coromandel coast which was much facilitated by the conclusion of his famous truce of Goa with Conde de Linhares, the Portuguese Viceroy, in 1635.

The stoppage of the Surat trade naturally left its mark on the financial position of the Company. If there was any doubt in the minds of the shareholders as to why the affairs of the Company had not prospered since the launching of the Third Joint-Stock, it was removed by the Depty Governor in the meeting of the General Court on June 12, 1635, who declared that the difficulties were caused not by any neglect but "by the immediate hands of God in visiting India with famine and pestilence ... and partly by reason of these disasters goods have been dearly bought

(1) Court Book, XIII, 221, March 6, 1633; XV, 6-7, July 9, 1634.

(2) Court Book, XV, 50, September 24, 1634.

and cheaply sold."(1) A further cause was that the Coromandel coast factories, owing to the inexperience of the factors and wastage of resources in ill-considered expeditions to Bengal and Persia, had not yet begun to produce substantial return investments. In a letter sent to Masulipatam in 1636, the directors complained bitterly that the returns, in proportion to the stock sent out, were negligible.(2) Two years later the Court of Committees found it necessary to issue the following reprimand even to the Surat Council :-

"You cannot be ignorant of our desires and how often we have written you that all freighting voyages and other designments of our ships to any new trades or by-employment should cease and that all should give place to the seasonable and timely making home of our returns for Europe." (3)

The factors were also warned that the Company intended to reduce the scale of investments until some returns were made, which was no idle threat as is proved by the much diminished volume of outgoing shipping between 1635 and 1640.(4)

There is no doubt that the last five years of the period were anxious ones for the East India Company, both on the score of the development at home and that in India. The support of the State had always been considered by the

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- (1) Court Book, XV, 249, June 12, 1635.
 - (2) Letter Book, I, 127, October 27, 1636.
 - (3) Letter Book, I, 142, March 6, 1638.
 - (4) cf. Appendix D, the shipping list.

Company as an indispensable condition of its survival, and now deep misgivings were caused by Charles I's backing of what appeared to be a rival organisation. The Courteen's Association indeed turned out to be a miserable failure; but not before its piratical captains had caused the Company's servants at Surat severe hardships by their misdeeds.(1) But the trading conditions in the Indies improved enough in 1639-40 for the Governor to inform the General Court in June 1640 that their "affairs in India have never been in a more hopeful condition, both in respect of the price and plenty of all sorts of commodities, and the alteration of their principals and factors at Surat, Persia, Bantam, and the coast of Coromandel, all which factories are reduced to such good order that expenses are much lessened, factors of ill repute have been removed and only those who are able and honest left in places of trust, by which means it is hoped that the Company's affairs will in future be managed with greater profit and advantage than formerly."(2)

(1) Court Book, XVII, 62, October 30, 1639.
(2) Court Book, XVII, 210, June 26, 1640.

CHAPTER III. EXPORTS

Section 1. The acquisition of purchasing-power.

The dislocation which took place in the last quarter of the sixteenth century in England's traditional European market for her principal exports and the preoccupation of contemporary economic thinkers in grappling with this problem has provided modern historians with a convenient explanation for the various long-distance enterprises of this period. That the 'export drive' and the official desire to reduce the nation's dependence upon a single outlet of external trade was a motivating factor behind much of the commercial activities of the day there is no doubt.(1) But caution is essential in applying this generalisation to individual and exceptional cases, since not all mercantile ventures of the period had the same characteristics or aims.

The East India Company, it has been suggested in the preceding chapter, was in a unique position in that the main feature of its export trade was the problem of acquiring purchasing-power to pay for its imports rather than that of creating markets for English goods in Asia.

(1) For diversion of English trade from Antwerp and the search for overseas markets see the various memorandums printed in Tawney and Power, Tudor economic documents, vol.II and III.

If such markets could be found they were undoubtedly desirable, but the emphasis was unmistakably on the provision of the necessary means to finance a supply trade. In short, the role of the East India Company's export trade measured in terms of economic rewards was definitely subsidiary to that of the imports.

Seen in this light, it is hardly surprising that the problem of providing a suitable form of purchasing-power was a perpetual source of anxiety to the Company. For not only were Asia's needs for European manufactured goods or commodities strictly limited, so that any expansion in their exportation depended on the Company's initiative in breaking new ground, but as the Company's profits were largely derived from the sale of East India goods in Europe, any deficit in the balance of trade had to be made up through the export of treasure. This was precisely what happened in the case of both the Dutch and English East India Company. Whatever may have been the doctrinal implications of a policy of exporting bullion to pay for imports, the East India merchants, as Thomas Mun made clear, could not afford to treat the international movement of bullion as anything other than one of commodities.

The Company was naturally aware of its vulnerability to the popular criticism of acting against the national economic welfare, and in its search for a justification was

responsible for stimulating one of its members into the most profound and original economic thinking of the century. When Mun declared in 1621, in his defence of the East India Company, that 'money doth attend Merchandise, for money is the price of wares and wares are the proper use of money' he was putting forward a theory which seemed to him to justify logically the policy of the Company.(1) Yet, from a practical point of view, much more significant was the argument adopted by him to expose the basic dilemma of the East India trade: that the products from Asia were in demand in Europe and in the absence of a similar demand in Asia for European goods the payment for the former had to be made in an acceptable medium of exchange. Mun took it for granted that no one would question the validity of importing spices and other East India goods. Who is so ignorant in any famous Commonwealth, he asked, which will not consent to the moderate use of wholesome Drugges and comfortable Spices? (2) Therefore, he proceeded to argue quite simply that if the East India Company refrained from exporting bullion to pay for such wares, this would not stop the drain of treasure, neither would it put an end to the importation of spices. On the contrary, ready money would still have to be paid, if not to the 'Turks' in the Levant

(1) 'A discourse of Trade from England unto the East Indies,' printed in J.R.McCulloch, Early English Tracts on Commerce, p.22.

(2) Ibid, p.8.

as formerly, then to the Dutch who had no objection to exporting gold and silver to the Indies. Mun was careful not to stress the point that the goods exported by the Company, in addition to bullion, provided an indication of its desire to assist the country's balance of payment. He avoided the issue by merely commenting that such exports helped to lessen the burden and provided a 'vent', however moderate, in such remote places 'where heretofore they have had no utterance at all.' (1)

It is important to bear in mind that the inability of the Company to pursue a 'bullionist' or mercantilist policy within a narrowly national framework sprang not only from the commercial exigencies of the direct trade between England and Asia, but also from the peculiar position occupied by the Company which can only be described as international. If some of the contemporary critics of the Company overlooked this aspect of the East India trade, Thomas Mun and its other defenders did not, and in their writings they reveal a full awareness of the complexities of the situation. For the marked feature of the Company's exports, as in almost every branch of its activities, was the interregional dependence. It is true that the main item of the Company's exports was bullion. But then bullion was channelled to the Indies through London from all over Europe. Similarly, the

(1) J.R.McCulloch, op. cit., pp.8-18.

Company exported woollen cloth, lead, and tin, which were specifically English commodities; but of its other exports, iron came mainly from Spain, African ivory from France, coral from Marseilles, Leghorn, and Venice, and quicksilver from Amsterdam. It was impossible, as it was repeatedly pointed out, to view the Company's export policy in isolation and thereby to judge the merits of the East India trade without taking into account the European background which raised questions of rather a different kind.(1)

Again, the inter-port trade of the Company in the Indian Ocean put the export of bullion itself in an altered light. Since the Company had become local traders in the markets of Asia, it may be argued that the export of treasure was half in the nature of the export of capital, which when invested in the Company's Asiatic factories produced a lucrative profit and provided a welcome addition to its stock of purchasing-power. To give only one example, in 1627, President Hawley, the chief of the English factory at Batavia, informed the Company that 300,000 rials re-invested at Surat and Masulipatam in textiles might in six months after arrival at Batavia be doubled to the figure of 600,000 and the profit remitted to Europe in the form of pepper and other East India goods.(2) In fact, the export

(1) viz., the re-exports of the Company and the balance of trade as a whole. This was the main argument of Mun.

(2) Original Correspondence, XI, 1255, July 18, 1627.

of bullion and goods from Europe, the profits from the country-trade, and short-term borrowing in India - these were the three ways by which the Company financed its imports from the Indies. (1)

From the statistical evidence available of the volume of the Company's different exports, it is clear that the proportion of money was far higher than that of goods. In the very first voyage the amount exported in money came to £21,742, while the value of goods was only £6,860.(2) In exceptional years, as in 1614 and 1615, the value of goods exceeded or was equal to that of treasure, but this was partly due to the ill-considered encouragement given by the Surat factors in the first flush of success to the directors at home to export goods.(3) By 1624, the Company had exported altogether in 23 years £753,336 in bullion and £351,236 in commodities, and for the remaining years of the period this trend continued, though we have no complete series of figures and have to rely on isolated examples to indicate the proportionate levels of the Company's investment.(4)

What, then, was the cause of this remarkable disparity? It has already been implied that one of the reasons was the

(1) For borrowing in India, see Original Correspondence, XII, 1292, April 1629, Court Book, XVI, 149, March 11, 1636.

(2) Home Miscellaneous Series, vol.39,144. cf. Appendix A.

(3) Letters Received, I, 235, January 25, 1613.

(4) see Appendix A.

lack of demand for European goods in Asia. The early historians of the Company's trade made no attempt to go beyond this obvious fact and by constant repetition of it obscured one of the most striking features of the East India Company's export trade. Moreland, for instance, in his economic study of Mughal India, declared that a considerable chapter of the Company's early history relates to its efforts to sell English goods in other parts of Asia since the Indian market would not take them. Consequently, the Company was forced to export treasure.(1)

On the face of it, considerable contemporary evidence could be marshalled to support this view. In January 1601, the Company decided to send out a voyage for the discovery of the North West Passage the object of which was to seek markets for English woollen cloth in colder countries. This was to counter the 'mislike of the transportation of treasure out of land' which had been caused by sending the greater part of the Company's capital in the earlier voyage to Sumatra and Java in English and foreign coins. The directors also stated that their intention was to use the privileges granted to them for the good of the 'commonweale of their Country rather than for their private benefit' and to maintain the trade of the East Indies 'if it be possible by the transportation and vent of Cloth and native commodities

(1) W.H.Moreland, From Akbar to Aurangzeb, pp.60-61.

of this realme without any money at all or else so little as may be conveniently tollerated.'(1) Again, in 1609-10, the Company issued instruction to their factors to inquire what goods could be sold in those parts so that a trade could be driven without the export of money.(2) Later, the chief attractions of the Japan and Persian trade were said to be the 'venting' of cloth and other European goods.

There is no doubt that the Company made sustained efforts during this period to develop the export trade in goods, and gradually as this was found to be less profitable than bullion concentrated on the latter. The lack of demand was an established fact, yet the unsaleability of goods in large quantities could be due to more than one factor. Was it, we must ask ourselves, just the question of one country buying more than the other? Did the price factor play no part at all? Again, what were the fundamental monetary factors underlying the export of treasure that were causing the merchants to balance their private benefit against the national interest? The issues at stake will become clearer if we ask two further questions. First, had there been opportunities for the East India Company to sell European goods in Asia, would it have stopped the flow of bullion to the Indies? And secondly, did the Company attempt, to any appreciable extent, to expand the market for commodities

(1) The dawn of British trade to the East Indies, p.198.
 (2) The First Letter Book, p.319.

already existing there once it had become aware of the basic economic considerations dictating the business-technique of the East India trade?

It seems unlikely, in view of the commercial trends in analogous situations in Europe, that the Company either would have or did pursue a policy which could have had the two results enumerated above. What has hitherto escaped attention is the simple fact - which provides an answer to both the questions - that the real reason for the drain of precious metal from Europe to Asia lay in a marked and wide disparity in the value of gold and silver in terms of commodities in the two Continents. The real price of silver, which was the current monetary standard in Asia, was much lower there than in Europe. Therefore, the difference in the relative level of prices would probably have hindered, even if the conditions had been favourable, any attempt to increase the export of goods from England or any other European countries to Asia.

It is well-known that between 1612 and 1640 England suffered from a persistent efflux of silver which was due, in the first place, to the lower bimetallic ratio in the Netherlands and later to the severe debasement of silver currency in some of the East European countries. The latter had a serious effect on the export of cloth from England, since in the absence of a proportionate increase in internal

prices English cloth was too dear for the East European markets.(1) It also encouraged the merchants to export silver.(2) In 1620, the East India Company itself pointed out to the Government that it was the high price of silver abroad which 'hindered the bringing in of silver hither ... and with the disproportion of the worth betwixt gold and silver ... causeth the merchant to endeavour to bring gold hither.'(3) In the case of the East Indies, the gap was much wider not only in relation to England but the whole of Europe as well; so that, from a purely financial point of view, it was profitable to carry silver to Asia and import commodities for which there was a ready demand in Europe. When a contemporary expert on monetary affairs declared, "I will not send my twenty shillings into France because it is called six and twenty shillings there, but because I can buy commodities for England which will make me a profit," he was making a point that was specially relevant to the East India trade, one which, we can assume, all experienced merchants silently noted and took full advantage of.(4)

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- (1) BM Added MSS 34,324, fol.195, November 19, 1622.
 (2) cf. J.D.Gould, "The trade depression of the early 1620's," Economic History Review, 2nd series, VI(1954-55)87-90; B.E.Supple, The commercial crisis and change in England 1600-1640; and R.W.K.Hinton, The Eastland trade and common weal in the seventeenth century.
 (3) Court Book, IV, 505, January 20, 1620.
 (4) quoted by Supple, op. cit.

Since silver was at a premium in Asia, the Company could buy cheap and sell dear. Moreover, the higher purchasing-power of the rial enabled the merchants to meet the excessively high overhead costs and they could make a profit even when the prices of East India commodities were rising in the Indies and falling in Europe.(1) The East India Company, understandably, never emphasised this aspect of its policy for exporting bullion and we have no record showing a comparison of the levels of profits made on bullion and goods respectively. But we can form some idea of the disparity in the value of silver in Asia and Europe from rare cases when the Company had to fix a rate of exchange for the rials of eight in Asia in terms of English money. Mun was aware that gold had a fluctuating ratio to silver in Asia causing the Company to send its treasure in silver rials which again, he pointed out, 'had no equal value with the silver coin of England according to the several prices here.'(2) Similarly, in 1627, when the factors were suffering from an extreme shortage of capital in the East Indies, they declared in an imprecise outburst that 'the use of money is so sweet in India that a five-fold restitution (by the Dutch) in Europe is no satisfaction.'(3) The most

(1) cf. Mun's 'A discourse of Trade from England unto the East Indies' and 'England's treasure by Foreign trade,' McCulloch, op. cit., pp. 21, 136, 147.

(2) Ibid, p.17, Home Miscellaneous Series, vol.39, p.52.

(3) Original Correspondence, XI, 1255, July 18, 1627.

impressive evidence of the disparity, however, is furnished by the following passage from a letter which the Company sent to its servants at Bantam in 1609 to give instructions about their wages :-

"We find by your accounts that you receive your salary or wages at 4s the Rial of 8 and so pay yourselves. We have thought good to let you know that we pay for the same 4s 7d beside the adventure thither: wherefore we think it fit that you receive your wages forasmuch as we understand that they are worth there 8s that you set them at such an indifferent rate as may neither be too low for us nor too high for yourselves." (1)

Later, the standard rate for factors' wages came to be fixed at 5s per rial. But for those delivered to the Company's treasury in the Indies from independent sources bills were drawn on London at eight shillings.(2) This was perhaps the final example to mark the defeat of the doctrinaire non-financial view on foreign exchange which insisted that the only equitable rates of exchange were those based on mint par.

One of elements in the disparity of the price levels in Europe and Asia at this time, as we well know, was the influx of silver from America into Europe and the demographic pressure on the existing economic structure. It is conceivable that a corrective flow was already taking place

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- (1) The First Letter Book, p.292.
 (2) Court Book, IV, 509, February 4, 1620. Sometimes the exchange was as high as 10s per rial, especially if the Company had to fix it in its own favour. cf. C.S.P.East Indies, 1622-24, 202, 285

from Europe to Asia. Faced with the twin phenomena of the silver influx from America and its outflow to the Indies, the contemporaries naturally saw a definite connexion between the two. Such was the tenor of a memorandum presented to the Privy Council in 1621 by Sir John Wolstenholme who was one of the members of the Commission appointed by the Government to suggest remedies for the drain of silver from England.(1) He distinguished three streams by which the greatest part of 'the fountain of silver springing in the West Indies' and coming to Spain was again dispersed over all Asia. One was by way of Aleppo for raw silk; another by way of Mocha in the Red Sea for calicoes. While the third was by way of Surat and the Islands in the Indies for indigo, pepper, cloves, mace and nutmegs. It was chiefly by these ways that 'Christendom is drained of the greatest part of the silver that comes out of the West Indies.' He valued the total volume of the bullion annually exported to Asia at £1,500,000. Referring to the East India Company's need for exporting silver, he noted that the price of East India commodities in Asia had almost doubled in the past forty years. If the State wished the Company to carry out less money then the remedy was to come to an understanding with the Dutch Company and prevent a price-raising war in

(1) (PRO) East Indies, vol.I, No.88. For the Commission cf. Domestic Correspondence Jac.I, vol.121, No.102.

the Indies by avoiding mutual competition. If Wolstenholme was acting as a spokesman for the Company, then his statement is revealing as to the latter's attitude to the use of monopoly. Clearly, the Company was thinking that its monopoly could be used not only for protecting the home market and preventing prices from sliding down too fast but a similar arrangement at the buying-end would also be of considerable gain in maintaining the existing price-structure by controlling the outflow of treasure to the Indies.

The Company continued to export a certain amount of its capital in goods partly, it may be inferred, for fear of popular criticism and partly because when funds were short in the City goods could always be bought on credit.(1) But there is no doubt that the high price of European commodities in relation to prices in Asia remained an effective discouragement to developing such exports beyond a certain point. From India, Japan, or Persia the factors reported that the English cloth was too highly priced for the local buyers.(2) Furthermore, if the goods remained unsold, it represented a serious loss in the form of unused capital. In the seventeenth century when great importance was attached to the rapid turning-over of stock,

(1) Court Book, XI, 123, November 7, 1628.

(2) Letters Received, III, 8 February 25, 1615; I, 210, January 12, 1613; V, 281, June 2, 1617.

this was considered an extremely unsound business practice.⁽¹⁾ Francisco Pelsaert, the servant of the Dutch East India Company and the author of the famous Remonstrantie on the Indian trade, for example, commented that it was better to sell goods in small consignments at a profit than large supplies sold at a loss, or held over for years which with 'the interest of 10 or 12 per cent. annually consumes the merchants like a canker.'⁽²⁾ At a time when the working-capital of any business concern predominated over the proportion of fixed capital, the fear of 'dead stock' was very real, and on one occasion Thomas Kerridge, the English President of the Surat factory, found it necessary to inform a dilatory factor at Agra that 'the merchant who only counts his gains without regarding the time lost will make a poor reckoning in the end.'⁽³⁾

In this respect, the advantage of holding liquid capital in the Indies was obvious. The Company's trading stations in India and elsewhere were scattered over a wide area, and for the most profitable buying of commodities for Europe the factors in charge of these factories had to be supplied with the necessary funds to make their purchases in the right season and despatch the goods to the port of embarkation on time before the arrival of ships from home.

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- (1) cf. R.W.K.Hinton, "The mercantile system in the time of Thomas Mun", Economic History Review, 2nd series, VII(1955)277.
 (2) Moreland and Geyl, Jahangir's India, p.28.
 (3) Original Correspondence, XI, 1230, June 10, 1626.

Not infrequently the factors' letters from India contain complaints that they were unable to provide the full consignment asked for owing to a lack of ready money.(1) If the Surat factory could be kept supplied with a stock of ready money, the local merchants were always able to furnish the Company's servants with bills of exchange to transfer such sums to its factories inland. In 1618, John Brown, one of the factors at Ahmadabad, wrote to the Company that the 'exchange of your rials is of some consequence, partly for the loss of time in attending for their delivery and return of money in Ahmadabad when our business lies in Sarkhej...'.(2) Again, in 1634, when William Methwold complained to the Mughal Governor of Surat of the loss caused to the Company by the slowness of the mint in re-coining their silver into the local currency, the Governor admitted the justice of his complaint and lent them 75,000 rupees free of interest.(3) In fact, the whole commercial system of the Company in the Indies would have come to a standstill without the prompt supply of ready money.

For apart from the needs of the investments for home, money was also necessary for current administrative expenses and for paying the customs charges at the Asian ports. That this could be considerable is evident from a statement

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- (1) Original Correspondence, V, 609, February 10, 1618.
 (2) Ibid.
 (3) Original Correspondence, XV, 1543, December 29, 1634.

of account drawn up by Richard Wylde of the total disbursements at Surat between 1624 and 1629.(1) Out of the total amount received at Surat during these years in bullion and goods just over sixty per cent was spent on investment for England either directly by sending commodities from Surat or indirectly by providing goods for Bantam, Persia, or Mocha. The rest went to pay the customs charges and in meeting the house expenses and the cost of victualling the ships and the factors' wages. The Court Minutes of the Company bear frequent testimony of the importance attached by the directors to sending out a regular stock to meet the essential charges in the Indies without which, as they often pointed out to the recalcitrant members, the factors could not make annual returns even when they had sufficient stock for direct investments.(2) It was actually reported from Jambi in 1628 that 400 tons of pepper was lying in the factory and could not be shipped for want of money to pay the king his customs due.(3)

The converse side of the picture was of course the general accusation brought against the factors of wastefulness and negligence, when the returns from the Indies proved unsatisfactory. In the crisis of the late '20's this was held to be one of the chief causes why the Second Joint-

(1) Bal Krishna, Commercial Relations between India and England,

p. 284.
(2) Court Book, XII, 142, December 7, 1632.

(3) Original Correspondence, XII, 1285, November 1628.

Stock was making a loss, as a means, we may suspect, of diverting the resentment of the Generality from the Court of Committees to those employees of the Company whose absence made it impossible to bring them to book immediately. Out of a total stock of 1,027,300 rials of eight sent to the Indies, the Governor informed the General Court of May 20, 1628, not more than 150,000 had been sent home by the factors in any particular year. How could any man, he asked, think there was a want of stock in the Indies when their servants had bestowed 40,000 rials about the purchase and building of a house at Batavia.(1) Whether the charge against the factors was justified or not, the regular export of treasure was the price the Company had to pay for maintaining its trading organisation with all its wide Asiatic ramifications.

Since we are mainly concerned here with the problem of acquiring purchasing-power in the Indies in terms of the Company's direct exports from England, the inter-port trade of the Company, which as we have seen was also an important contributory factor, is beyond the scope of our discussion. But it may be permissible to touch briefly on the third method, namely the practice of borrowing money in India, as it proved to be a convenient if burdensome way of anticipating the supply of money from England. The Surat

(1) Court Book, X, 377, May 20, 1628.

factory borrowed money on a large scale for the first time in 1628 when cargo had to be provided for four ships before the outward fleet had arrived from home. Even after the arrival of two ships shortly afterwards with a capital of £61,000 in goods and money, the factors were unable to pay off the debt, amounting to £90,000, because it was said that the goods remained unsold and the bulk of the money (£44,000) had been sent in gold which was 'unvendible' and fallen so much in price and demand that besides the trouble in disposing of it, it was likely to bring an unexpected loss to the Company; especially, as the small stock of rials had to be expended on buying provisions for the ships.⁽¹⁾ The factory's credit, however, remained good, and in the spring of next year President Wylde was writing optimistically to the directors that though their debts remained at nearly £70,000, he hoped to keep the factories in action and provide goods for the two ships before the end of the year by borrowing another £30,000.⁽²⁾ The practice was continued once it was discovered that it could be utilised to maintain uninterrupted the flow of the Company's business activities in India. For the next five years the Surat factors borrowed so heavily from the Indian financiers that at one time their cash was kept in the custody of one of the local bullion

(1) Factory Records, Java, III, ii, 465, November 8, 1628.

(2) Original Correspondence, XII, 1292, April 27, 1628.

brokers or shroffs as they were called, Tapi Das, who acted as banker to the Company.(1) The Court of Committees at home, naturally, disapproved of any borrowing which involved paying onerous interest charges and sent orders to the President restricting him from such a course in future except for short periods and in the case of real necessity. In any case, the maximum amount was not to exceed £20,000 at the most.(2) But even the directors were sometimes tempted to toy with the idea of raising money in India to supply their immediate necessity, as for instance in 1636, when it was asserted as an argument in favour of short-term borrowing in Surat that if the Company had to do the same in England in order to be able to send out stock, the difference in the interest charges ultimately would not be very great if the time lost on the round voyage was taken into consideration.(3)

Section 2. The provision of bullion and money.

In the previous section we have examined some of the leading features of the East India Company's export trade and the factors which operated in favour of the export of treasure. It will be seen that the varying element in the volume of the Company's trade could be due to the caprice

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- (1) Original Correspondence, XV, 1559, April 29, 1636.
 - (2) Court Book, XIV, fol. 55, October 4, 1633.
 - (3) Court Book, XVI, 149-50, March 11, 1636.

of silver supply. Any interruption owing to war, unfavourable trade balance or the sheer difficulty of transportation which hindered the Company from obtaining its required amount of silver would obviously redound to its disadvantage and produce serious repercussions on the stability of the East India trade. It could, at the worst, bring about a total cessation or at the best result in a marked reduction of the efficiency of the Company's trading capacity. As the Company quickly discovered, it was not enough to overcome the doctrinaire prejudice against the export of treasure and secure official approval of its policy: the provision of the right type of money was an important consideration as well. Hence, the furnishing of silver either in coins or bullion became one of the standing preoccupations of the Court of Committees, and the activities of the specially created 'Committee for rials' throw interesting and valuable light on that little known subject - the movement of precious metals from one European country to another during the first half of the seventeenth century.

As the name of the Committee signifies, throughout this period the Company sought - with varying degree of success - to export its silver specie in the form of the Spanish coins known as rials of eight. This was because in Asia the Spanish plastra fuerte, which was the real name

of the rial, had been made familiar by the century-old trading activity of the two Iberian powers. It was known to the East India Company in the denominations of $\frac{1}{2}$, $\frac{1}{4}$, and $\frac{1}{8}$, and the coin of the latter subdivision rated at the mint at 4s 6d, though the price paid by the merchants often varied.(1) There is little doubt that as a current trade coin and unit of account the rial enjoyed considerable popularity in the Indies. In the Near East, it naturally competed with its rival, the Venetian sequin, while in India it seems to have circulated side by side with the local currency, the mahmudies and rupees, at least until 1633.(2) But in South-east Asia, where the state of economy was more backward and the use of money less known, the rial passed as a major currency. The importance of the coin as a medium of payment in this area can be seen from the reports sent back by the Company's factors. Kristof Glamann declares in his study of the Dutch Asiatic trade that the rixdollar became in the Asiatic trade a Northwest counterpart to the Spanish rial. If true, this was a much later development; for in the late '20's when the scarcity of rials forced the English East India Company to send part of its money in rixdollars, the factors 'marvelled' that the Company should have sent dollars when it was well-known

(1) The dawn of British trade to the East Indies, p.51.

(2) Court Book, XIV, fol.63, October 14, 1633.

that only rials were current in the Indonesian Archipelago.(1)

It may be inferred that even at the inception of the Company, the English merchants were aware of the extent to which the success of the East India trade depended on their ability to purchase the commodities of Asia with ready money. In September 1599, the Committee appointed for organising the forthcoming voyage to the Indies decided to petition the Privy Council for the privilege of free exportation of money and it is significant that permission was sought to export only 'foreign coins' or if such coins were wanting to mint them at the Tower in exchange for bullion.(2) A month later, the Privy Council tentatively gave leave to the merchants to export 50 hundred weight of bullion free of charge,(3) and eventually the first Charter of the Company fixed the total amount of money which could be sent out to the East Indies at £30,000 a year.(4) For the First Voyage, however, Queen Elizabeth ordered Sir Richard Martin, the worker of the Mint, to strike a special English coin of about the same silver content as the Spanish rial (11 ounce and 2 dwt of fine silver), to be stamped with the emblem of the portcullis on one side and the Arms of England on the other. The pieces actually coined seemed to have been

(1) Kristof Glaman, Dutch Asiatic Trade, p.52. The factors complained that the rixdollars could not be disposed of without much loss. O.C., XII, 1285, November 1628.

(2) The dawn of British trade to the East Indies, p.8.

(3) Ibid, p.10.

(4) The First Letter Book, p.13.

worth four shillings each.(1) Why the Government should have decided to mint a special issue for export to the Indies remains something of a mystery. Ruding in his Annals of the Coinage of Great Britain (London, 1817) suggested that the Queen was inspired by a desire to make herself known as great a Prince as the King of Spain in Asia. This may very well be 'the advyse of our Councel for certain causes and Consideracons' as was stated in the indenture to the master of the Mint.(2) But a more practical explanation seems to be that the Privy Council merely complied with the desire of the Company, since it was feared that rials might be in short supply. This is also supported by the fact that in the Charter of the Company it was provided that the latter could freely export Spanish or any other foreign coins on condition that £6,000 worth of bullion was first coined in the Tower.(3) The experiment of sending English coins was soon abandoned as these were found to be unacceptable in Asia.(4)

Actually, only £6,066 of the new pieces were coined

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- (1) The First Letter Book, p.180. The dawn of British trade to the East Indies, p.122.
 - (2) The First Letter Book, p.13.
 - (3) Ibid, p.180.
 - (4) Malynes stated in his Lex Mercatoria (1622), "...these pieces ... could not be made current in the East Indies because the Spanish pieces of eight Royals had been before counterfeited by other nations, which made the East Indians to doubt our Coin, although without cause."

for the First Voyage, and the rest of the silver provided in rials (£8,665), bullion and plate.(1) The rials exported on this occasion came from a miscellaneous sources. In October 1600, the Court of Committees sent two agents, one Captain Baker and Robert Pope, to the West Country commissioning them to buy provisions and rials, a supply of which appears to have come to that part of the country as a result of some piratical expeditions.(2) They were also requested to contact those West Country merchants who traded with St Malo and the rest of Brittany and bargain with them for such stocks as they might have. The same month the Company's accountant, Thomas Alabaster, was sent over to Calais and Rouen to procure £5,000 worth of rials and plate, and the Company promised to honour his bills of exchange for such sums promptly. Finally, individual shareholders who had a store of his coin were asked to pay their subscriptions in it. One of the adventurers, Augustine Skinner, for example, paid the whole of his £200 share in rials which were delivered to the Company's agents in the West Country.(3)

During the first two decades of our period, the Company had little difficulty in procuring its necessary stock of bullion. But from the experience gained in the early years

(1) The dawn of British trade to the East Indies, p.122.

(2) Ibid, p. 51.

(3) Ibid, pp.58,124.

it was clear to the Court of Committees that the furnishing of rials in 'due season' was a major task, which eventually led to the setting up of the special committee whose duty was to look after the supply of silver. The practice of buying this coin from individual traders in the City was continued. In 1609, Hugh Hammersley and Rober Middleton, the two members of the Committee, contracted for a stock of rials with one Richard Wood, goldsmith, at $\frac{1}{2}$ d in the £ brokerage.(1) Again, a few years later, the Company requested that all rials brought from the West Country by those members who traded there should be delivered to its treasury.(2) However, as the needs of the Company increased and the Court of Committees acquired greater knowledge of and confidence in the working of the European bullion markets, the whole resources of the City were utilised to keep up a regular and steady supply of rials from the various European centres of trade. In this respect, the Company possessed one great advantage that most of the merchant-section of its shareholders were European traders as well who could rely on the services of their own factors on the Continent and move their operations from one country to another according to the fluctuating price of the rial. That the famous description by Thomas Mun of the multilateral character of the exchange transactions of this period was

(1) Court Book, II, fol.109, February 14, 1609.

(2) Court Book, III, xii, December 18, 1613.

a reality is amply demonstrated by the actual operations of the East India Company's Committee for rials.(1)

Although a Spanish coin, the rial was supplied for the Company mainly from Middleburg and Amsterdam. France was also considered a good alternative source. In December 1613, when preparations were being made for getting the fleet of the First Joint-Stock ready for sailing, the Court of Committees after consideration 'resolved and entreated Mr. Middleton and Mr. Crispe to provide £10,000 or £12,000 (of rials) from Middleburg if they can get them in time enough.'(2) Another member, Robert Bell, who was in charge of supplying the Company's canvas for sails from Brittany instructed his factor to send over 1,000 crowns in rials.(3) Again, next year when the question of the volume of investment came up for discussion, it was decided to send out a large quantity of rials to the Indies because, as it was pointed out, 'great returns cannot be expected from small stocks,' and it was unanimously resolved to get about £10,000 worth of rials from St Malo.⁽⁴⁾ The choice of St Malo was inspired by the fact that the rials from thence were said to be heavier and less worn than those from the Low Countries and also

(1) "England's Treasure by Foreign Trade," McCulloch, op. cit., p.167-68.

(2) Court Book, III, xii, December 18, 1613.

(3) Court Book, III, 77, March 22, 1614.

(4) Court Book, III, 162, July 12, 1614.

because the rate of exchange with France was considered to be exceptionally good. As the silver was always paid for at this time by bills of exchange, this was of some importance. But a minor difficulty appeared in the fact that there was no direct exchange between London and St Malo, and the Committee was requested to confer with one 'Mr. Owen' who could advise 'how to make over money most conveniently.'⁽¹⁾ On this occasion, however, the final sequel was not without some satisfaction to the Dutch bullion merchants. For the arrangements in France were not completed on time, and the Company, in a flurry of agitation, was forced, as it was commented in Court, 'to make a virtue of necessity' and resort to Middleburg even though it meant that they had to endure some inconvenience from the lightness of the coins.⁽²⁾ As the Company's volume of trade expanded, the supply of rials was also proportionately increased. In 1615, 40,000 were ordered from Middleburg, while £3,000 worth were supplied from Amsterdam by Philip Burlamachi, the famous Government war contractor and financier in the City.⁽³⁾ Two years later, provisions were made for procuring 160,000 rials to be sent to Surat.⁽⁴⁾

Although the Netherlands and France are most frequently

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- (1) Court Book, III, 230, September 27, 1614.
 - (2) Court Book, III, 324, December 28, 1614.
 - (3) Court Book, III, 480-81, September 15, 1615.
 - (4) Court Book, IV, 96-97, December 18, 1617.

mentioned as the chief source of the Company's rials, it is evident from the records that a limited quantity came from Spain as well, especially with the increase in the volume of Anglo-Spanish trade after the conclusion of peace in 1603. One of the difficulties in obtaining silver directly from Spain was the restrictive laws imposed by the Spanish government on the export of precious metals and the accompanying fact that such transactions even when legitimate were always fraught with the hazard of arbitrary official interference.(1) However, from time to time the East India Company considered private proposals for importing Spanish rials under licence and kept an alert note of ships arriving at English ports with rials and silver bullion from Spain.(2) In 1615, an actual proposal was made in Court, though without any effect, to keep a factor in Spain who would buy rials and send them over under licence.(3) From 1618, when the rials seem to have begun to be scarce and to increase in price,⁽⁴⁾ the Company turned to exploiting the Spanish sources more earnestly. In this year, agreement was reached with one of the Company's correspondents at Antwerp to deliver £400 worth of rials at Seville at 4s 6d per piece of eight.(5) In September

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- (1) cf. E.J.Hamilton, "Import of American Gold and Silver into Spain, 1503-1660," Quarterly Journal of Economics, XLII (1929).
 (2) Court Book, III, 349, January 27, 1615; 361, February, 1615.
 (3) Court Book, III, 510, October 17, 1615.
 (4) Court Book, IV, 160, April 17, 1618.
 (5) Court Book, IV, 177, June 12, 1618.

1619, the Company also made contracts with the Seville merchants for a regular supply and declared themselves ready to pay higher freight charges if it ensured steady prices and good quality. The Court of Committees, however, took the usual precautions. The payment for the silver was to be made only in London and the Treasurer was instructed not to honour the bills of exchange unless accompanied by a certificate from the Spanish authorities that the money had been put on board the ships under official licence of exportation.(1)

The decade between 1620 and 1630 was a period of difficulty for the Company in more than one way, and not the least was the crisis which occurred in the supply of rials in the late '20's. It is true that the Company sought to maintain the export of treasure at the required level by carrying out gold. But the letters of the Company's servants in the Indies offer ample evidence of the extreme sensitiveness of the trade to the state of the supply of one particular precious metal, silver. It was perhaps symptomatic of the true nature of the crisis that the first real difficulty should have threatened to come from the possibility of political action. The Company had hitherto enjoyed considerable Government support so far as its silver exports were concerned. Its original patent for

(1) Court Book, IV, 409, September 15, 1619.

for exporting £30,000 in money had been successively renewed for each further voyage and the clause enforcing the coining of the one-fifth of this sum in the Tower had been removed.(1) The Government had prohibited the general exportation of gold and silver in 1615,⁽²⁾ but the needs of the East India Company were recognised as exceptional and the Company had succeeded in securing the renewal of its patent, though not without some difficulty.(3) As usual, it was stated in the patent that permission was granted to the Company because it appeared that 'there groweth no detriment or inconvenience in this our Commonwealth by such their transportation of foreign coins and bullion...'.⁽⁴⁾ During the next three years the total amount was raised, first, to £60,000 and then to £100,000, and the figure of the Company's export of money show a corresponding increase.⁽⁵⁾

By 1620, however, the efflux of silver from England had reached such proportion that the Government was seriously alarmed. It was recorded in the Court Minutes of the Company as early as June 1618 that the 'moniers of the Tower' had unjustly complained to the King that 'they are grown poor for want of silver to coin which is carried away by the Company.'⁽⁶⁾ There was some truth in this

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- (1) The First Letter Book, pp.196,224.
 (2) R. Steele, Tudor and Stuart Proclamations, II, No.1157.
 (3) Court Book, III, 546, November 10, 1615.
 (4) The First Letter Book, p.470.
 (5) Ibid, p.479; Court Book, IV, 115, January 20, 1618.
 (6) Court Book, IV, 178, June 12, 1618.

complaint, though the Mint was not wholly justified in laying the cause of silver shortage at the Company's door alone. The official figures of coinage do suggest that during these years the proportion of silver coined at the Mint in relation to gold had sunk to negligible level, being less than 1 per cent.(1) In early 1620, plans were being made in the Government circles for debasing the English silver coinage to prevent its exportation and for restraining the East India Company by Court Acts from paying higher price for rials abroad than the official mint price of silver in England. The Privy Council issued orders to cut 66s from a pound weight of silver; the merchants were to pay 2s in the lb for coinage; and an ounce of silver was priced at 5s 4d and the rial of eight at 4s 8d. Neither the merchants nor the goldsmiths were to overbuy the King's mint.(2) The East India Company was fully alive to the consequences of such a measure on its trade. A committee was at once appointed to attend on the Lord Chancellor for examining the whole question of the Company's responsibility in causing the drain of silver, and if the allegations against the Company were found untrue, then, the Court of Committees requested, they 'might still be retained in His Majesty's good opinion and live in quiet under his

(1) J.D.Gould, "The Royal Mint in the early seventeenth century," Economic History Review, 2nd series, V(1952) 241-42.

(2) Court Book, IV, 496, January 14, 1620.

Royal protection.'(1) When the case came up before the Privy Council, this committee pointed out that if the Government forced the Company to cease paying the current price for rials and questioned them 'for the lightness of such money as they shall buy' it would be as good as asking them to cease their trade, for in Spain no one would dare to weigh the rials but must take them as they come. If the English did not pay the prices which other nations paid for them, then 'the others will buy them and they never the near.'(2) These arguments appeared to have carried weight with the Government. No restriction was put immediately on the Company's freedom 'to contract with either of their members to bring over rials and to buy abroad.'(3) In any case, the whole scheme was eventually dropped.(4)

If the Company was henceforth secure from Government interference, the public retained its mistrust and suspicion of the part played by the Company. As the trade depression of 1621 increased in rigour, it was believed rightly or wrongly that the shortage of money in circulation was one of the factors responsible for it.(5) In the Parliament of 1624, the export of money by the Company provided an

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- (1) Court Book, IV, 496, January 14, 1620.
 - (2) Court Book, IV, 505, January 28, 1620.
 - (3) Court Book, IV, 517, February 9, 1620.
 - (4) cf. Supple, op. cit., p.185.
 - (5) cf. Gould, op. cit., Economic History Review, 2nd series, V(1952), "The trade depression of the early 1620's," Economic History Review, 2nd series, VII(1954-55) 81-90.

occasion for tumultuous scenes, and a motion was suddenly made to arrest its ships then getting ready for the annual voyage. In reply, the Deputy Governor, who was present as a member of the House, reiterated all the arguments previously advocated by Thomas Mun in favour of the East India trade. As a definite example of the benefit of the re-exports of the Company, he pointed out that he himself brought to the Mint last year 60 lb of gold for Indian commodities exported out of England.(1) It is curious that he should have omitted to mention that the Company's patent officially laid down that the Company was to bring into the Country as much gold and silver as it sent out, and thus theoretically the Company's exports could not cause a drain.(2) It is, however, possible that he was conscious that the reasoning which had impelled the Government to provide this safeguard was largely inapplicable in the present circumstances. Since the Company exported its silver in Spanish coins, which were procured abroad, and paid for it by bills of exchange, it is hard to think how the Company could have caused a net loss of treasure out of the country. For there is no certainty that the merchants from whom it bought its bills would have remitted home the proceeds of their sales abroad in money and not in goods. The possibility of such a loss would have arisen only if there had been a deficit in the

(1) Court Book, VI, 449-50, March 8, 1624.

(2) The First Letter Book, p.186.

country's balance of trade as a whole. As long as the Company was not compelled to carry out bullion to pay for its rials on the Continent,⁽¹⁾ the drain of treasure, if any, could have no direct connexion with the activities of the Company. On the other hand, if the loss was caused either by an unfavourable trade balance or the undervaluing of English coins, it was naive to suppose that any treasure brought into the country to compensate for the amount carried out by the Company to the Indies would remain there to be coined at the Mint. Thomas Mun, indeed, asserted in 1621 that the Company had always performed this obligation faithfully and the better price offered by them for such sums of money was the reason why the merchants had not made their returns in wares.⁽²⁾ If we accept Mun's statement as true (in the records of the Company there is no mention of any such transactions), then it is significant that the practice should have coincided with the period when the complaints of the loss of money was at its height.

The East India Company was aware of the true reason for the export of English silver coins,⁽³⁾ and the Deputy Governor's reference to the import of gold for East India commodities sold in Europe is another example which bears

(1) see p.98: the Government may have had just this possibility in mind.

(2) McCulloch, op. cit., p. 19.

(3) Court Book, IV, 505, January 20, 1620. See p. 98.

out Professor Supple's conclusion that the outflow of silver was matched by an inflow of gold.(1) With the outbreak of war with Spain and France, when the Company found it increasingly difficult to obtain rials, this phenomenon provided a ready solution to the impasse. But between 1620 and 1625 the Company continued to send out the bulk of its money in rials, though for some reason there is little reference to the activities of the Committee responsible for their supply.

The first proposal to send some gold along with silver was made in 1626, though as early as 1624 the Company had made inquiries about the value of gold in the different parts of Asia.(2) In January, the Court of Committees decided to petition the King for a special licence to buy gold, either coined or in bullion, for export, because, as it was alleged, 'by reason of the present interruption and disturbance of trade and commerce with Spain, they are not able to furnish themselves with foreign silver according to the tenor of their letters patent...'.(3) The impression of extreme distress suggested in the petition was quite in line with the seventeenth century habit of exaggeration. The situation was bad, but not desperate yet. For the Company had managed to buy 60,000 rials

(1) cf. Supple, op. cit.

(2) Court Book, VII, 211, November 24, 1624.

(3) Court Book, VIII, 249, January 30, 1626.

already.(1) The directors also resolved to send some English silver, about £500 in 2d and 3d pieces, for circulation in their factories in the Indies.(2) The gold sent out on this occasion, which came to £3,000, was in a host of miscellaneous coins described as Hungary ducats, Sultanees, checkeens (sequin), Imperial ducats, Double Pistolets, Barbary gold, and Dutch Riders. The latter were melted down into ingots but all the rest was sent in specie.(3) Although gold only realised its bullion value in Surat, the factors received it with enthusiasm and encouraged the Company to send large supplies, assuring the directors that it will yield about 6 per cent more than the profit on rials.(4) The report of the President of the Batavia factory was more realistic. He asked the Company to send gold if 'in these times of trouble with Spain there (is) difficulty in getting rials' as gold was better for the Coromandel coast and Atcheh; but for the West coast of Sumatra, Jambi, and Java, only rials should be sent.(5)

The war with both Spain and France reduced the Company's source of rials to the Netherlands. In the autumn of 1626, when it was proposed in Court that the rials required for

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- (1) Court Book, VIII, 213-14, January 5, 1626.
 - (2) Court Book, VIII, 214, January 5, 1626.
 - (3) Court Book, VIII, 336, March 28, 1626.
 - (4) Original Correspondence, XI, 1241, November 29, 1626.
 - (5) Original Correspondence, XI, 1255, July 18, 1627.

the next year's voyage should be obtained from St Malo, the suggestion was turned down on the ground that no Englishman was allowed to trade there.(1) Consequently, the Company began to pay more attention to organising its supplies from Holland. Robert Barlow, the Company's agent at Amsterdam, was instructed to buy both rials and gold regularly, for which^{he} was either furnished with £4,000 or £5,000 at a time from London or asked to draw bills on the Company.(2) Later, help was sought from the Merchant Adventurers, and local agents were appointed at Delft and Middleburg.(3) But even in Holland the long-drawn war with Spain had begun to make its impact felt, and the supplies from the Dutch sources reached England with increasing irregularity which made it difficult for the Company to rely on them.(4) In the spring of 1627, the rials ordered from Amsterdam arrived too late for the outgoing fleet, and the Company was compelled to send £20,000 in English gold and silver, after seeking special permission from Buckingham and the Chancellor of the Exchaquer on condition that the rials when they finally arrived should be coined into English money at the Mint.(5) Moreover, the private merchants and even the Treasurer of

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- (1) Court Book, IX, 162, October 25, 1626.
 - (2) Court Book, IX, 283, December 22, 1626; 323, January 12, 1627.
 - (3) Court Book, X, 241, January 25, 1628.
 - (4) Court Book, X, 149, November 12, 1627.
 - (5) Court Book, IX, 463, March 9, 1627.

the Company who had previously bought rials for the Company were now afraid to do so as a Royal Proclamation had recently prohibited such purchases and conferred the monopoly of the import of gold and silver solely to the Earl of Holland.(1)

As we have already seen, the large quantities of gold sent to Surat in 1627 and 1628, had brought about a drastic fall in its price, and by 1629 Richard Wylde, the new President of the factory, was writing to the Company that gold should not be sent to India until further advice and that its proportion in any case should never exceed more than one-fourth that of silver.(2) The Court of Committees were aware - in spite of the encouraging letters of Kerridge sent home earlier - of the inconvenience and injury that might befall their trade in India by exporting too much gold, since it was known and specifically stated in the Court Minutes (January 13, 1629) that in Surat 'silver was more merchantable than gold,' During the debate on the provision of money, the Court also refused to support a motion for increasing the price of gold so as to encourage its importation from abroad and thought it more prudent to rely on the usual sources.(3)

If the political conditions in Europe enforced the

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- (1) Court Book, X, 61, August 22, 1627; Steele, op. cit., No. 1512.
 (2) See p. 107; Court Book, X, 362, May 16, 1628; Original Correspondence, XII, 1292, April 27, 1629.
 (3) Court Book, XI, 251-52, January 13, 1629.

continued exportation of gold by the Company, at the same time no efforts were spared to keep up the supply of rials. In 1628, for the first time the Company began to buy silver in Italy by re-exporting spices and indigo to Venice and Leghorn and remitting the proceeds to England in rials. Furthermore, the price of rial was fixed at 5s each to induce the members of the Levant Company to import them for the Company from Leghorn.(1) The shortage was, however, temporarily relieved in the following year by the fortunate capture of the Spanish plate-fleet by Piet Hein, the captain of the Dutch West India Company, and the subsequent dispersal of the treasure.(2) The abundant supplies of rials came at an opportune moment, as the Company planned to export nearly £200,000 in money for the accounts of the old Joint-Stock and the separate Persian Voyage.(3) A new licence had to be sought from the Government for exceeding the amount previously allowed, though not without some justifiable apprehension whether it was safe for the Company to ask for one when Parliament was in session and might prove to be hostile as in 1624.(4)

With the conclusion of the Cottington treaty in 1630, by which peace was made with Spain, all the difficulties

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- (1) Court Book, X, 380, 385; XI, 163, 170, 190.
 - (2) Court Book, XI, 428, May 8, 1629.
 - (3) Court Book, XI, 394, April 1, 1629.
 - (4) Court Book, XI, 258, January 16, 1629.

of the Company in obtaining silver seem to have come to an abrupt end. This was not only due to the restoration of normal commercial relations but was also the result of the Anglo-Spanish agreement under which the Spanish government arranged to market its American silver through London instead of Genoa. In the absence of any reference to rials being supplied from either the Low Countries or France, and the ease with which the Company obtained its silver, it is reasonable to infer that the Company was buying its silver directly in London. The evidence from the working of the Mint, which is more positive in character, shows that the proportion of silver coins rose in a spectacular manner between 1630 and 1639.(1) There were occasional scarcities, as for example in 1633 and again in 1639, but these were temporary and rials were said to be plentiful in town a few months later.(2) The price of rials also seems to have declined in the '30's. In July 1630, the Company refused an offer of rials at 5s as it had already obtained a good quantity at 4s 8d, and next year one of the members proposed to bring over some from Spain at the rate of 4s 1d per rial.(3) There is evidence that during these years the Company was exporting Peruvian and Mexican rials as well as those struck at Seville, as the factors

(1) cf. Gould, op. cit., Economic History Review, 2nd series, V(1952)241.

(2) Court Book, XIV, fol.63; XVII, 60, 95.

(3) Court Book, XII, 17, 290, June 17, 1631.

complained from India that the former were much worse in silver content than the latter.(1) The pressure on silver exports, however, was eased to some extent by the slackness of trade at Surat owing to the famine, and the stock sent to the Coromandel coast during 1630-37 consisted almost entirely of gold, which was still being obtained from the Netherlands.(2)

Section 3. The export of goods.

If the provision of bullion and money presented the East India Company with problems that were inseparable from the wider questions of European trade and finance and consequently national policy, the export of goods was relatively a much simpler task, and the basic patterns were established early in the history of the Company's trade. The experience gained in the pepper and spice trade of the East Indies during the first few years was sufficient to convince the Company that, with the exception of an occasional consignment of lead and iron, the real markets for the type of goods exported by the Company must be sought further North. The establishment of trading relations with India and the Near East naturally held out greater hope. As early as 1609, William Finch, whose estimate of the capacity

(1) Original Correspondence, XV, 1559, April 29, 1636.

(2) Court Book, XII, 84; XIII, 30,221; XV, 8-9; XVI, 74.

of the Indian markets proved much more accurate than that of the factors a few years later, had drawn up a list of commodities that were destined to appear with a remarkable uniformity on the Company's invoices during the next half a century. These were broadcloth, kersies, quicksilver, red lead, lead in pigs, blocks of tin, ivory, coral, and sword blades.(1) The whole tone of Finch's letter of advice was cautious and the Company was asked to send small quantities of each item for a preliminary trial.

By contrast the first reports of Thomas Aldworth, who can rightly be described as the founder of the Company's trade at Surat, were enthusiastic, though unfortunately for the Company they later turned out to be wildly off the mark. Unsuspecting that the initial demand for English cloth and other European goods was due to the impact of novelty, he wrote home in 1613 that not less than 1,500 pieces of cloth could be sold annually in India and that when the sale of all the goods had been taken into consideration there would appear to be little need for sending any money.(2) The factors were soon disillusioned and compelled to inform the Company of the magnitude of their miscalculation. In August 1614, Aldworth and Biddulph were once more writing

(1) Letters Received, I, p.28, August 30, 1609.
 (2) Letters Received, I, p.238, January 25, 1613.

to the directors that it was feared that no more than 300 cloths would 'vent' in India at the most and if these were not sold within a year they would also 'run the hazard of being spoiled with worms and moths.' The high prices previously paid for the cloth was only due to the novelty and 'served only great men ... to cover some of their elephants and to make some saddles for their horses, but for garments they use none in these parts neither in rainy nor cold weather.'(1)

That this was the real, if unpalatable, truth about the sales possibilities of the Company's exports in India there is no doubt. The warning given by Francis Fettiplace and Robert Hughes from Agra a few years later was even more blunt. They frankly expressed their inability to advise the directors what commodities to send from England, as all were held to be generally bad.(2) A certain number of cloths and quantities of other goods were, admittedly, sold every year around Surat and in Northern India. But for the general consumers the price of English cloth remained too high, and it was remarked that for the price of one yard of broadcloth the Indians could make three suits of clothes.(3) Sir Thomas Roe had asked the Company to send

(1) Letters Received, II, 97, August 19, 1614.

(2) Letters Received, VI, 250, December 20, 1617.

(3) Letters Received, III, 8, February 25, 1615.

out for sale at the Royal Court a number of finer goods such as satins, velvets, brocades, armour, embroidered silk, and various other refinements of civilised life in Europe.(1) But the factors remained sceptical of their saleability and in 1617 pointed out that the satins sent in the previous year scarcely yielded their cost price. Again, the King, considered to be the 'greatest and royalest merchant in India,' did not offer for the velvets 'so much as they cost.' "In fine," wrote the factors, "all our European commodities are such as that we see not for our parts (howsoever haply his Lordship and others may endeavour it) how this trade can be surely grounded on the sales of any quantities of our country goods." Commodities like ivory, vermilion, and lead offered the most profit but they were not in demand in such quantities as would make it possible to raise a large stock from their sales.(2)

The opening of the Persian trade, however, provided the English East India Company with the most substantial market for its exports from Europe. As an agreement was concluded with Shah Abbas to pay the three-fourths of the total value of silk bought by the Company in Persia in goods and the remaining one-fourth in money, the sale of commodities was practically guaranteed.(3) Connock had indeed asked

{1} Original Correspondence, VI, 636.

{2} Letters Received, VI, 251.

{3} Court Book, XII, 37.

for 1,000 broadcloths and 2,000 kersies to be sent annually together with 600 tons of tin.(1) His estimates were not far wrong, and as long as the Persian trade lasted the Company exported between 1,000 and 2,000 cloths along with a considerable quantity of tin and lead.

The provision of goods, in marked contrast to bullion afforded the Company little difficulty. Lead, tin, and iron were generally bought in London, even when the latter was Spanish. The quantity varied according to the letters of advice from the Indies; in general, about 200 tons of lead was sent out every year either in pigs or as packing sheets for the cloths, while the quantity of iron remained around 50 tons.(2) Quicksilver, ivory, and coral came from the Continent, and as the market in the Indies was limited, their supply was carefully regulated.(3) These commodities were often bought with proceeds from the Company's re-exports to Europe. In the 1630's the Company was regularly sending pepper and spices to the Florentine merchant-house of Guadagni which in return provided coral, quicksilver, and occasionally satins.(4)

Since cloth was the single manufactured article and also the most important and valuable item exported, the Court

(1) Letters Received, V, 281, June 2, 1617.

(2) Court Book, II, fol.2, 143; III, 119,378;VII,150;IX,108.

(3) Court Book, IV, 92; Original Correspondence, XII,1292.

(4) Court Book, XII, 266, May 27, 1631; XVII, 208, June 26, 1640; 249, August 5, 1640.

of Committees seems to have paid considerable attention to its purchase. To ensure even quality a draper was taken into the Company's service to supervise the buying, together with the 'Committees for cloth.'(1) The cloth was generally purchased white and unfinished, and then dyed into the colours specified by the factors and sheared by the workmen working for the Company.(2) The greater number of broadcloths and the lighter draperies were provided in London. In 1614, for example, when the Company planned to send 800 pieces to Surat, the Committees for cloth was requested to repair to the Blackwell Hall every Thursday afternoon to buy such pieces as they would find suitable for export.(3) Again, in 1625, when the exports to Persia were at their highest level, the Governor himself undertook to buy 1,500 pieces of while cloth at the Twelftide market.(4) Particular attention was also paid to provide only the types of cloths advised by the factors, as only low priced fabrics could be sold in Persia or India.

(1) Court Book, III, 129, June 28, 1614.

(2) Court Book, III, 162, July 12, 1614; VIII, 19, May 6, 1625.

(3) Court Book, 235, June 20, 1614.

(4) Court Book, VIII, 201, December 23, 1625.

CHAPTER IV. IMPORTS I.

Section 1. Pepper.

In the early seventeenth century, thanks to the activities of the East India Company, for the first time London began to acquire a substantial 'staple', a definite entrepôt-trade in at least certain commodities. A lesser and weaker organization as the English East India Company undoubtedly was compared to its Dutch rival, the volume and range of its imports from the Indies were nevertheless of sufficient dimension to make London a market for oriental commodities comparable to Amsterdam and Lisbon - one of the three main centres supplying Europe with the spices, drugs, dyes, and textile goods of Asia. The purpose of this and the following chapter is to examine the main trends of the Company's imports in the London market from two separate, though complementary, regions in Asia, namely the Indonesian Archipelago on the one hand, and India and Persia on the other.

When after two years of effort, in December 1600, the merchants of London broke through the obstacles raised by Queen Elizabeth's tortuous foreign policy and obtained a charter to trade to the East Indies, the number of Asiatic commodities which they could sell in

England was not more than half a dozen. Of these pepper was the most important. If we are to avoid a teleological approach, it is essential to bear in mind that, however spectacular the role subsequently played by the East India Company in the development of England's foreign connexions, in the seventeenth century the underdeveloped state of the European economy imposed narrow limits upon the East India trade. The financial achievements of the East India Company during the first four decades of the century, modest as they were in actual fact when compared with other branches of English overseas trade, were mainly due to this essential, if unromantic, commodity, pepper.

In the following analysis, we propose, first, to offer some general remarks about the Company's import trade in the context of one of its principal trading products and later to illustrate them by a chronological account of the state of the pepper trade between 1603 and 1640.

That pepper by and large predominated over other East India commodities imported into England during this period is clearly indicated by the few surviving invoices which the factors regularly despatched home with every incoming ship and also by the central part it occupied in the finances of the Company. The London Port Books afford further independent evidence.

The figures of East India imports compiled from them do not furnish a continuous series, but they are sufficiently representative to be used for comparison.(1) Not only did pepper exceed other imports in volume but also in value. In 1622, for example, the Charles, one of the largest ships of the company on the East India run (1,000 tons), arrived in London from Batavia with a cargo of over 800,000 lb. of pepper invoiced at 68,070 rials while her lading of spices came to only 50,000 lb. valued in the Indies at 8,205 rials.(2)

This was a characteristic not peculiar to the English East India Company alone. Kristof Glamann's analysis of the Dutch imports conclusively shows the overwhelming importance of pepper as cargo in the Dutch homeward fleets which bears a striking parallel to its part in the English pattern of imports.(3) The continuing similarity in the trading activities of the Vereenigde Oost-Indische Compagnie (VOC) and the English East India Company in London throughout this period sprang partly from a common market background and partly from the lead which greater financial

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- (1) The London Port Books have been analysed by A.M. Millard. cf. her unpublished Ph.D thesis, "The import trade of London, 1600-1640, "University of London, 1956.
 (2) Original Correspondence, VIII, 1018, December 10, 1621.
 (3) Glamann, Dutch Asiatic Trade, pp.13-14.

and political strength of the Dutch company had enabled it to gain in the trade. As a matter of fact, just as in the preceding century English overseas commerce was never able to shake off the Spanish-Burgundian connexion through its dependence on Antwerp, so at least during the first half of the Seventeenth century, the barometer of economic trends in London tended to rise and fall according to the financial weather that prevailed over Amsterdam, and the East India trade was specially susceptible to it.

The analytical treatment of the trend in pepper imports and also of other East Indian commodities in general must inevitably begin with the two significant features that emerge from an examination of the material relating to the English Asiatic trade. The first point is that not only were the Company's imports dominated by a single commodity but, unique in the business history of contemporary merchant companies, the profits of the pepper-trade depended almost entirely on its re-export to the Continent. This inter-regional characteristic, which remained a constant factor during the whole of the period under review, in its turn left its imprint on the technique of marketing and pricing pepper. The second point needing emphasis is the revolutionary change which occurred in the Company's

marketing policy in the late 1620's when the practice of dividing pepper among the shareholders as dividend was abandoned in favour of bulk sales to a single purchaser or to syndicates. In a way, this was the expression of the changes that took place in the structure of the trade as a whole affecting the financial rewards to be reaped from pepper sales. In 1640, the total profit derived from the sale of pepper was still larger than that from any other imports of the Company. But the effect of large supplies brought from the Indies had been to reduce the margin of profit on the commodity in Europe and gradually to bring about a change in the attitude of the Company. By 1640 pepper imports were growing more slowly than the other commodities, a development which in the latter half of the century resulted in the balance being heavily tipped in favour of the textile imports. (1)

So important was the European market to the sale of the Company's pepper, that Professor Supple's contention that the spectacular colonial ventures of the time and the search for treasure and exotic commodities in Asia, Africa and America should not be allowed to mask the fact that trade was primarily intra-European can be elaborated to the point when it can be

(1) For Dutch trade, cf. Glanann, op. cit., p.14.

said that the home-end of the Asiatic trade became viable only when it had assumed this characteristic.(1) In the eyes of contemporaries the re-exports were not only the main stay of the trade but they also provided the basis of a theoretical justification against the intermittent accusation that the East India Company was causing a drain of treasure through its export of precious metals to the East. As a refutation of the mercantilist arguments the defenders of the Company were never tired of pointing out, first, that if the English merchants did not import the spices and other Asiatic goods in demand in the home market some one else would, and secondly, that the re-export of Oriental commodities benefitted the country more than the Company's critics were prepared to admit. (2) This view was perhaps most succinctly put when Sir Thomas Roe told Parliament in 1641: "Nothing exported of our own growth hath balanced our riotous consumption at home, but those foreign commodities which I call naturalised, that is the surplus of our East India trade, which being brought

(1) B.E.Supple, Commercial crisis and change in England, 1600 - 1640. p.7.

(2) cf. The royal proclamation of 1609, Steel, Tudor and Stuart Proclamations, vol.I, No.1087; Sir Dudley Digges' Defence of Trade (1614), Mun's a discourse of trade, From England unto the East Indies...1621 (in McCulloch, Early English Tracts on Commerce) and the various tracts written by Sir Josiah Child in the later 17th century.

home in greater quantity than are spent within the kingdom, are exported again and become in value and use as natural commodities." (1)

The ramifications of the export trade in pepper was naturally a thing of slow growth. The events of the first nine years, when the English merchants seem to have been caught unaware by the large imports far exceeding the home demand, point to a lack of foresight or to an inability to build up the necessary foreign connections. Later, as we shall see, they had no difficulty in dealing with far larger imports, but by that time they had succeeded in creating a whole network of export centres at Hamburg, Danzig, Amsterdam, (2) Leghorn, Venice, Naples, Constantinople and even in Portugal, (3) and could keep themselves well informed of the market trends at these centres.

(1) Sir Thomas Roe, His Speech in Parliament.

(2) It may seem strange the Company should be sending pepper to Amsterdam, but this was fairly common and the latter was considered a good market for spices, Court Book, III, 388, March 14, 1615.

(3) The same was true of Portugal: "They are so deeply engaged in this trade that they even supply spices to the very Portuguese who, partly owing to the dread of the Dutch, partly owing to the shipping being employed elsewhere during these last years, have not been paying much attention to that trade." Marc Antonio Correr, the Venetian Ambassador in England, to the Doge and Senate, C.S.P. Venetian, 1607-1610, No. 466, March 26, 1609.

Once the possibilities of high profits to be made in supplying the Continental markets were firmly grasped, the theme that 'transportation' was the 'life of the trade' became a constant and recurrent one.(1) When the Company was discussing the measures to be taken to dispose of pepper brought home in 1617 it was said that "they ought to remember the great benefit they have received by transportation, being the special means to put off their goods, and to employ shipping".(2) The powers of the Company derived from its monopoly charter were unhesitatingly used to safeguard the home market and prevent a glut, and the bulk of the pepper taken out either on stock or sold to the individual contractors was released on condition that it would be exported out of the country.

The total European consumption of pepper during this period cannot be accurately estimated. The merchants of the English East India Company, owing to their method of retailing it, made no effort to gauge the European demand on the Company's account, although individually they took careful note of the market trends. In 1621, however, Thomas Mun calculated that 6 million

(1) Court Book, IV, 511, February 4, 1620.

(2) Court Book, IV, 9.

pounds of pepper were annually imported into Europe.(1) A year later, the Directors of the VOC put the figure at 7 million pounds, of which the Portuguese imported about 1.4 million, while the remaining 5.6 million was shared by the English and the Dutch.(2) Thus, it would appear from these estimates that the share of the English in the European pepper-trade was not inconsiderable, and the importation of spices, far from consuming the treasures of the country had turned England from a buyer into what Sir Robert Cotton had advocated a generation earlier vendacem, a seller.(3).

The importance attached to the re-export of pepper by the Company sprang from a growing awareness of the inelasticity of the domestic market, and the lesson learnt during the initial period when the huge quantities of pepper imported had completely glutted the market and for a long time remained as a dead commodity on the hands of the merchants was a valuable one and never forgotten by the Company. The consumption of pepper in England

(1) McCulloch, op. cit., p.11.

(2) Pieter van Dam, I, ii, 167, Glaman, op.cit., p.74.

(3) Cotton, Remains, 196.

during this period seems to have remained fairly static, in spite of the downward trend in price, and according to various contemporary estimates fluctuated between 200,000 lb. and 300,000 lb. (1) The Company's total imports, on the other hand, never fell below half a million pounds even in the worst years and were usually much higher. The surplus had to be disposed off through re-export. It may be asked why so much was imported at all if the home market was limited. The answer was that with a cheap commodity such as pepper only large-scale purchases could yield a profit, and that in Europe as a whole there was an inter-regional market capable of absorbing large supplies.

A study of the documents relating to the spice-trade in the sixteenth and seventeenth centuries yields the impression that all over Europe from the Mediterranean to the Baltic there existed a well-established nexus of trade in pepper, forged first by the Venetians and the Geneese with imports from the Levant and then strengthened by the century-long trade carried on by the Portugues Crown.(2) By choosing to follow up this trade the

(1) Court Book, X, 3-4, 1627.

(2) For an early sixteenth century account of the Portuguese monopoly see Clement Armstrong's Treatise printed in Tawney and Power, Tudor economic documents, III, p.92-95.

English merchants were giving one more proof, so common in the seventeenth century, that while ready to risk their capital upto a point in unknown trading ventures, their true instinct, here, as in so many other branches of commerce was to turn to a trade that was well-established. Moreover, the possibility of acquiring a temporary monopoly of the European spice-trade was a thought ever present to the East India merchants of all nationalities. The Dutch Company, faced with the identical twin problem of a restricted domestic market and the need to import wholesale, engaged in price-cutting wars which they hoped would render it unprofitable for the English merchants to import pepper.(1) Although they were unsuccessful in their main objective, the East India Company in London nevertheless went in chronic fear that 'the Flemings might fill the market abroad' or if there was a shortage in the London market bring it into England and sell at a high price.(2)

(1) MSS Dutch Records from the Hague, India Office, Letters from the XVII to India, I, 5, November 28, 1614.

(2) Court Book, V, 371, March 15, 1622, VI, 1, July 2, 1623.

The reason why pepper figured so largely on the Company's import list may be found in a number of factors. In the first place, the political and economic conditions in the Asiatic markets often made pepper the easiest bulk commodity to buy, and in this respect the inexperience of the Company's factors and their readiness to yield to a course where the possibilities of making mistakes were few played no small part.(1) Apart from such factors beyond the control of the Company, the European markets themselves offered limited opportunities for the sale of Asiatic goods. The commercial scope for textiles, which were to become the next most important import of the Company, although not wholly unknown, was still comparatively unexplored. There was a steady demand for indigo, but its sales were limited; for the blue dye for which it was used not only had to compete with other colours but being an industrial raw material any increase in its demand depended more on the expansion of the textile industry than on the state of

(1) cf. William Nichol's letter to President Ball at Batavia on King of Achin's effort to attract the trade of pepper to his port. Original Correspondence, VI, 659, June 10, 1618. When the English and the Dutch arrived in South East Asia they found that a well-developed export trade already existed in pepper and the customs on such exports provided a lucrative source of revenue to the rulers of the various pepper-ports of Java and Sumatra.

supply and cost. The imports of the more expensive spices such as clove, nutmeg, and mace suffered from the perpetual and systematic Dutch attempt to exclude the English from a share of this trade,(1) though the quantities imported by the English Company were by no means as negligible as is generally supposed. In any case the demand for them was thought to be limited. Pepper, on the other hand, was an article of consumer use, and the fact that it could be retailed in very small quantities meant that it was within the reach of even the poorer people. Thus partly through the ease with which it could be purchased and sold and partly because of its widespread consumption in Europe, pepper remained the staple commodity of the East India Company till the middle of the century.

A third, perhaps more conjectural reason for the preponderance of pepper is to be found in the problem of shipping. To fill the large ships employed in the East India trade a cheap and bulky commodity had to be found, for which there was already a demand in Europe. The question of the size of ships need not detain us here as it will be discussed in a later chapter. The

(1) cf. Admiral Hatelieff's memorandum (1605) quoted by Moreland, From Akbar to Aurangzeb, p.20.

only alternative to such a course, and indeed to the whole system of re-exports, lay in returning from the East goods sufficiently valuable to answer the heavy outlay of capital necessary in employing the factors and equipping an annual fleet of ships large and strong enough to stand up to the hazards of the voyage. Here was the crux of the problem. For in the seventeenth century the primary consideration in risky maritime ventures was to distribute valuable merchandise in as many bottoms as possible to reduce the danger arising from possible shipping losses. To have stowed large East Indiamen with costly cargoes would have not only meant exorbitant initial expense but the burden involved in case of loss would have been such as few merchants could bear in that age. To the alternative of wasted shipping space the Company preferred to receive pepper as ballast even when its importation was proving unprofitable.(1)

The second important aspect of the Company's trade in pepper was, as we have already seen, the marketing arrangements and the pricing which in their turn depended to a considerable extent on the state of the

(1) The First Letter Book, p.303; in 1615, Edward Dodsworth, factor, described spices as 'being very fit stowage and the rather because much room is lost in stowing indigo along...' Letters Received, II, p.188.

supplies and the movement of the price of pepper in Europe in general. In Appendix B an attempt has been made to set out the figures of the total volume of pepper imports of the Company for each year between 1603 and 1640, and the cost of the consignments in the East Indies in terms of rials of eight. It will be seen that the first ten years from 1603 to 1612 were marked by irregular supplies, while from 1613 the returns were annual. The period of the highest supplies lies between 1622 and 1633 when an average of a million and a half pounds was imported every year, with a bumper year in 1626 when the total consignment was well over three million pounds. As an indication of the market trends in Europe these figures are of limited use. The upward or downward movements in the quantities imported cannot always be explained from the general trading policy pursued by the directors of the Company. Quite often the determining factor in deciding the volume of supplies lay beyond their control from London. But towards the end of the period, when the large quantities imported by the English, Dutch, Portuguese, and occasionally by the French and Danes had led to a steep fall in the price, some sort of balance was established between the demand at home and supplies from Indies.(1) It was this

(1) Original Correspondence XII, 1313, September 29, 1630.

background of uncertainties of supplies and their effect on the price that explains the lengthy and often acrimonious debates on policy which followed the return of the fleet each year.

Upto 1627 the practice of the Company in marketing their pepper was to divide it on stock as dividends. A price was usually set on the pepper and the amount which each shareholder received was calculated on the basis of this price in relation to the total quantity of stock held by him. It was however left to the discretion of the members of the Company whether they took out their dividends in goods or in money. Not all investors in the East India Company were merchants and some preferred to receive the profits of the trade in cash, which during the earlier period was raised through the auction-sales of calicoes, silk, indigo and other commodities. The significant feature of the method of taking out dividend in pepper was the extent to which the arrangement for its marketing was left in individual hands. The problem of organising the export trade and supplying foreign centres was the personal responsibility of each merchant concerned, while the domestic market was generally catered for by the Grocers for whom a certain quantity of pepper was set aside each year. The reason for this policy undoubtedly lay in

the influence still exercised by the old idea of a regulated company on the minds of the early seventeenth century merchants. It is essential to realize that although the East India Company operated on a joint-stock basis this applied only to the trade between the East Indies and London; the Company saw little reason, once the goods had been secured, to engage in the intra-European trade in such commodities on its own account and clearly preferred to follow the current commercial practice.(1)

The interest of the individual merchants not only added its weight to the question of marketing but also to the problem of pricing. The profits of the export trade in pepper mainly depended upon the price at which it was taken out on stock. The exporting merchants were anxious to secure, in addition to the nominal profits included in the dividends, an extra one by taking out pepper as cheaply as possible from the Company and re-selling it at a higher price. This often led to a clash of interest between this group and the domestic traders who were intent on keeping the price high.(2). A further factor in the

(1) The only exception was in 1639 and 1640 when a certain amount of pepper was sent to the Levant on the Company's account. Court Book, XVII, 247.

(2) Court Book, III, 304, December 6, 1614.

dispute which almost always accompanied the fixing of the price was the degree of uncertainty which existed at the point of supplies. Not only did the Company find itself in the dark regarding the number of ships and the quantity of pepper which could be expected each year but owing to the slowness of communication and transport there was often a difference in price between the various European centres which exposed the Company to considerable perplexity in fixing a price equitable for all the divergent interests of the different groups of merchants involved.(1) To a certain extent, the East India merchants, both English and Dutch, inherited the speculative system of the Antwerp days, when the leading financiers of that town had built up an elaborate system through which they could deal in 'futures' and manipulate the market in Portuguese spices.(2) Basically, this was due to the irregularity of supplies and the sudden satiation of the market, but a contributory factor in the instability of the trade, so far as the English Company was concerned, was the failure to keep a sufficient stock in hand to meet market demands. As the

(1) Court Book, VII, 13, July 9, 1624.

(2) Ehrenburg, Capital and finance in the age of the Renaissance, p.239-40.

East India merchants discovered to their cost, violent fluctuations in the trade due either to speculation or spot market conditions could make any rational calculation of the profit yield virtually impossible. The spectre of bankruptcy through a risky bargain was never very far from the Company or individual merchants.(1) Thus a variety of factors, the sensitiveness of the export trade to marginal differences in price, the high price demanded by the domestic traders, and the unknown fluctuations in the price level on the Continent caused by the state of supplies, gave rise to the unusual procedure under which the question of the pricing of a particular commodity became the subject of discussion in the General Court of a Company.

The first revolutionary change in the sales method came in 1627 when the bulk of the Company's pepper was sold to a single buyer for ready money. The signs of a shift in emphasis in the pepper-trade had become visible as early as 1621 when an option was given for the first time to take out dividends in pepper or calico, and for the following six years the practice of declaring dividends in mixed goods continued. From 1627 onward,

(1) Court Book, VI, 419-20; IX, 1, 21, 12; XVI, 169.

though the Company occasionally took out a dividend in pepper, the tendency was to sell it to a single purchaser. After 1630, pepper was always sold for cash, while the other commodities were substituted as dividends. The causes for this development seem to have been two-fold. In the first place, the background against which the pepper merchants were operating was one of steadily falling prices. The wholesale price of pepper at Amsterdam exchange declined from 0.80 (calculated per pound in guilders) in 1609 to 0.67 in 1626 (1), and this was matched by a comparative decline in London. By 1626, pepper seems to have become less profitable for the smaller merchants to sell in comparison with other East India goods. A second reason was the extreme financial difficulties into which the Company had fallen during the late '20's. The shipping losses sustained during this period had set up a vicious circle of low returned and consequent lack of liquidity, and the crisis coincided with a general financial stringency in the country. The Company was forced to borrow money at heavy interest, and by 1626 the situation had become so acute that in July the Governor of the Company, Sir Morris Abbot, declared that the only course left open to

(1) N.W. Posthumus, Inquiry into the history of prices in Holland, p.73-74.

them was to sell their pepper for ready money to meet the expenses of equipping the ships, to pay the debts, and send capital to the Indies in order to keep the trade alive.(1) Although there was a strong faction in the Company which continuously clamoured for dividend declarations in Pepper, henceforth the Company was always forced to sell its pepper because of its financial exigencies.

Before we turn our attention to a detailed examination of the East India Company's pepper imports into the London market, it may be convenient to touch briefly on the state of the spice-trade in the closing years of Elizabeth's reign. In the second half of the sixteenth century the supplies from the Continental marts had become increasingly disturbed and irregular owing to the dislocation of trade with Antwerp, and later, owing to the outbreak of war with Spain. The scarcity of material does not permit us to build up a complete picture of the nature and volume of this trade, but from incidental references in contemporary sources and from the few figures available from the customs records we can catch an occasional glimpse of it. In 1559-60, a document listing the commodities brought into England gives the

(1) Court Book, IX, 11-12, July 7, 1626.

total value of pepper imported for that year as £11,852.(1) Five years later, in 1565, pepper worth £27,000 was brought in (2), but by 1594 the customs figure had dwindled to £7,000.(3). In 1596, only 5,860 lb. worth £488, was imported.(4). On the face of it, it would appear that there was a steep decline in the importation of pepper between 1565 and 1595. On careful examination, however, these figures, like nearly all Tudor figures, prove their own unreliability as indications of economic trends rather than 'the apparent lack of resilience of the spice market'⁽⁵⁾. In view of the large quantities that were being imported by the Italians from the Levant and the Portuguese via the Cape route into Europe, it seems hardly possible that England was being starved of her usual level of supplies. During 1560-64, as F.C.Lane has estimated, the annual quantities imported by the Venetians alone were running at some 1,310,454 lb. (6) and we must bear in mind the probable imports of the English Levant Company in the

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- (1) State Paper, 12/8/31.
 - (2) BM. Lansdowne MSS 8/17.
 - (3) S.P. 12/250/30.
 - (4) BM. Lansdowne MSS 81/46.
 - (5) L. Stone, "Elizabethan Overseas Trade", Economic History Review, 2nd Series, II (1949-50) 48.
 - (6) F.C. Lane, "Spice trade in the Mediterranean", American Historical Review, XLV (1940) 581.

last decade of the century. Nor was there any falling off in the home demand. In 1594, the Master Garbler of London estimated the annual consumption of pepper in England at 1,500 bags, each bag containing 200 lb. This in itself was a high figure compared with the calculation made in 1627 by a member of the East India Company when it was said that 'the whole kingdom spends but 1,000 bags yearly'.(1)

The most obvious explanation for the declining customs figure seems to be that the sources of pepper imports were becoming more diversified and that the official records were often only for one particular source. In 1595-96, for example, the year which records the smallest quantity that went through the customs, Richard Carmarthen who compiled these figures added in a cautionary note that for three years there was an official prohibition against the importation of pepper to help the merchants sell the Queen's pepper and that 'this year was sold into the realm by them 800 bags which at 200 lb. per bag amounteth to 160,000 lb. weight and that by reason of the abundance of the Carrack spices the less was brought by a deal'.(2) Carmarthen is clearly referring to the sale of spices found in the Portuguese

(1) Court Book, X, 3-4, July 4, 1627.

(2) BM. Lansdowne MSS, 81/46.

Carrack Madre de Dios which was captured off the Azores in 1592 by Raleigh's syndicate. Though the total consumption of pepper for 1595-96 seems to have been lower than usual, his statement does emphasise the alternatives which were being sought to supplement the more reputable sources.(1) Again, the practice of imposing a temporary restriction on imports at a time when large supplies were suddenly released upon the market reflects the problems which the East India Company were to face a decade later. When a group of merchants who had bought carrack pepper in Leaden Hall petitioned Lord Burghley in 1586 for a similar restraint the reason pleaded by them was that they had hardly sold any pepper 'by reason that by the procurement of the Grocers diverse parcels from foreign parts, by which much have been brought in, of which they furnish themselves at cheaper price than your suppliants have brought of Her Majesty...' The request for a monopoly was accompanied by the offer of an undertaking not to 'advance the price of pepper above 3s per lb. during the restraint.'(2).

With the establishment of the East India Company

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- (1) Even in 1584-85 73,000 lb. of pepper was brought into London and Southampton from Lisbon. Lansdowne MSS, 41/35-38.
 (2) BM Lansdowne MSS 49/8.

the spice market in London naturally underwent a profound change. The four ships which arrived in England in 1603 from the Indies were almost entirely laden with pepper. As the consignment was estimated to amount to 1,030,000 lb.(1), it is not surprising that the task of retailing this pepper was found to be extremely difficult. The market was thrown completely out of balance, which the threat of Government interference to safeguard the sale of the Royal stock of pepper did nothing to diminish. Since the second Court Book of the Company covering this period is lost, it is difficult to follow the details of the Company's history during the next three years, but some idea of the confusion that followed can be gathered from a series of letters exchanged between the Lord Treasurer and the Court of Committees. In November, 1603, Lord Buckhurst wrote to Sir Thomas Smith forbidding the Company to sell its pepper until that of the King lying at Leaden Hall had been sold.(2). A month later, he produced a compromise scheme under which the King's pepper and the Company's stock were to be sold jointly, and in order to make the plan work he proposed, first,

(1) The First Letter Book, p.27.

(2) The First Letter Book, p.28.

that there should be a general prohibition of all imports; secondly, that all such pepper as had already been brought in from the Low Countries and the Levant should be sequestered from sale; and thirdly, that all individual retailing of pepper by such merchants as had already taken out their dividend in it should be stopped. Export was to be left open, but the Grocers were to buy only from the authorised pool. If the Company did not agree to this scheme they were given the option of buying the Royal pepper themselves.(1) The proposal was unique as an extreme example of the Government attempt to control the commercial life of the country to suit its own convenience. But the answer which the Court of Committee sent to the Lord Treasurer illustrates equally well the practical difficulty of enforcing such control under seventeenth century market conditions. It was pointed out that before his Lordship's scheme was devised the Company's pepper had already been distributed among various hands, and that this, together with other great quantities imported from the Netherlands, had passed from hand to hand from the Merchants to the Grocer and from the Grocer to the Chapman in the country. With so much pepper already on sale in the City and country no further sale was possible for another year at least.

(1) Ibid, pp. 29-30, 42-43.

As for buying the King's pepper, the merchants had so much of their own pepper on their hands that though the Company had offered £500 worth to those who brought in £100 in ready cash, underwriting was painfully slow.(1).

The illness from which the market was suffering was of course an over supply of pepper. It was clear to the Company that the demand at home was not sufficient to absorb such large quantities. Twenty years later, in 1623, it was still remembered that "in the beginning of the Trade to the Indies when a division was made of pepper to sell here which bred such a confusion in the Trade as some of the underwriters had of that pepper in their hands six or seven years after."(2). This costly experience, while on the one hand it spurred the merchants to pay more attention to the export trade, at the same time produced some natural reaction against an excessive importation of pepper. In April, 1609, the Company wrote to their factors at Bantam, "Send us any other commodities rather than pepper, yet rather than the ship shall want or return without lading, then to send some pepper,"(3) and the same reservation about pepper was expressed in the instructions sent with Sir Henry Middleton, when the factors were requested to send back

(1) The First Letter Book, p.44-45.

(2) Court Book, VI, 95-96, August 29. 1623.

(3) The First Letter Book, p.291.

raw silk and other valuable commodities.(1)

Owing to the gap in the records, it is not certain if the incoming fleet of 1606 brought back any pepper. But in January, 1607, the Court of Committee talked of raising the price of light pepper, while next year pepper was being sold at 18d. per lb, which was only half the price of the pre-Company days (3s.) (2). The first complete account of the disposal of the Company's pepper dates from October, 1609. In September, the ship Dragon arrived at Plymouth with a large consignment of pepper(3), and on the 27th it was recorded in the Court Minutes that the Lord Treasurer had sent for the Governor and made an offer on behalf of the King to buy the entire stock.(4) The market was by this time rising, and as the special terms demanded by the merchants did not please the King, he declined to proceed any further in the matter, excusing himself on the ground that "he was altogether unwilling to do what might be distasteful unto them".(5) In the end, the Company decided to declare a dividend in pepper and to throw it open for sale.

(1) Voyages of Sir Henry Middleton, pp.183, 185, 186.

(2) Court Book, II, 24, 199, October 5, 1608.

(3) 419,580 lb, see Appendix B, Letters Received, I, 20-21, 1608.

(4) Court Book, II, 278, September 27, 1609.

(5) Court Book, II, 289, October 18, 1609. For the rise in price cf. Cal.S.P.Ven. 1607-10, p.373.

The order was set out in the form of an Act of the General Court, which fixed the pattern of all future divisions and the technique of marketing. Thus the price for the large pepper was set at 23d. per lb, and 21d. for the small. This was for export; 'garbled' or cleaned pepper for sale in Town (1) was to sell a penny dearer for each kind. The stockholders could buy, in addition to the quantities allowed on their stock, half as much more, giving bills with proper securities at 18 months. If any 'brother' did not export the pepper taken out, he was to be charged 4d more than the price set and not allowed to credit the amount against his stock(2). As we can see the emphasis on export was already becoming marked, though the conditions were not as rigid as a few years later when permission was seldom given to sell at home the pepper which had been taken out for export.

To protect the home market, the Company resolved to petition the King for a prohibition of all imports of pepper except by the Company. As usual, the Netherlanders were held to be the chief villains who, it was alleged in the petition, "will so watch their times as they will much hurt us either by affording to our People bad pepper better cheap, to beat down the price of our

(1) I James I, c.19 enforced garbling of all spices before sale.

(2) Court Book, II, 237-38, October 17, 1609.

better pepper... or by some other device as by experience we daily find."(1) The petition bore fruit and on November 30, 1609, the King issued a Proclamation forbidding any one to buy pepper except from the merchants of the East India Company and fixing the price at 2s-6d.(2) By 1611, the Company had got over the initial trouble caused by the inability to hold their pepper until the markets were better. When in the autumn of that year there was a proposal to sell some pepper recovered from the Union which had been wrecked off the French coast, it was pointed out that "the market being now very low, and at the worst, and no fit time to raise a good price, it was held more profitable to retain it yet for a time, until the markets may prove quicker." (3) A week later it was again confirmed to keep it a little longer as the prices were beginning to rise in Holland.(4)

From 1613, the history of the Company's pepper trade entered on a new and prosperous phase that lasted until 1619. There were not only annual returns but the volume of importation also showed a steady increase. In the

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- (1) The First Letter Book, p.210. The Company offered the King 6d per lb. imposition, Court Book, II, 295, October 27, 1609.
 (2) Steele, Tudor and Stuart Proclamations, No.1087.
 (3) Court Book, IIA, October, 15, 1611.
 (4) Court Book, IIA, October, 21, 1611.

autumn of 1613, four ships returned from the Indies bringing over a million pounds of pepper.(1) The prices were exceptionally high. In the auction-sale of December 20th one Robinson bought 70 bags of wet pepper at 26 $\frac{3}{4}$ d per lb. and 136 bags of dry at 28d.(2) There were numerous requests from the Grocers for pepper.(3) But as Robinson had paid a stiff price, to safeguard the sale of his pepper in town, he took the precaution of making the General Court pass an order forbidding all those who had taken out pepper on stock from retailing it at home.(4) Most of the pepper was re-exported to the Continent. In 1614, Domenico Dominici, the Venetian resident at Florence, was reporting to the Signoria that pepper was being sent to Leghorn from London,(5) and in May Nicholas Crispe, a member of the Court of Committees, offered to buy 20 bags of wet pepper still lying in the Company's warehouse at Leadenhall to be sent to Hamburg. Some objection was made that the Generality might take exception to the Committee's selling goods in private, to

(1) Ward's invoice, Egerton MSS(BM),2086,fol4-5, Letters Received,I,289, II,1.

(2) Court Book, III,xix,xx,December 20th,1613.

(3) Court Book, III,v, x, xi, x, December, 1613.

(4) Court Book, III, xix.

(5) Calendar of S.P. Venetian, 1610-14, p.112, 148.

which it was answered that the latter had clear authority to do what they considered beneficial and good for the Company, and, that as the ship for Hamburg was due to sail in three or four days this was a good opportunity for clearing the Company's remaining stock which might otherwise prejudice this year's sales when the ships arrived(1).

The wisdom of having an unencumbered market was proved when the Dragon returned in June, 1614, with a large cargo of pepper, followed by the Expedition (July) and the Clove (Oct.).(2) The arrival of each ship was the occasion for a meeting of the General Court in which the question of setting a price on the pepper was carefully debated according to the market conditions. Before the Dragon's pepper could be unloaded, the Muscovy Company asked for £500 or £600 worth, to be shipped to the Baltic and the Company had to buy the pepper privately brought home by the sailors to satisfy this sudden demand.(3) As to the price, there were other reasons also for acting quickly, especially before "the Hollanders ships should return as that they

(1) Court Book, III, 108, May 14, 1614.

(2) Letters Received, II, 14, Court Book, III, 125, 160, 253, 302.

(3) Court Book, III, 124, June, 20, 1614.

might not loose the opportunity of the markets abroad, and the rather because Captain Newport is expected very shortly with more."(1) The Court was urged by one party to set a low price, as they were afraid that with the arrival of the Dutch ships, which they said were expected daily, the price would break and discourage all exporters. Others, however, on better information argued that only a small quantity was likely to come this year either for 'Hollanders, Portugals or this Land', and thus the market could easily carry a comparatively high price. In any case, to insure the exporters against undue loss a condition could be attached that if the Company lowered the price between now and Christmas those who had taken out their dividends in pepper would pay 'no more than the lowest price that shall be made'. In the end, these arguments swayed the Court, and the price for export of ungarbled pepper was set at 23d. per lb. for the Case and 21d. for the Calico.(2) The demand was heavy and two weeks later the 'account-keeper' reported that many members who had warrants issued to them for taking out pepper were keeping it back in the warehouse in the hope of pushing the market up further.(3)

(1) Court Book, 127, June 22, 1614.

(2) Court Book, III, 127-28, June, 22, 1614. The meaning of the terms 'Case' and 'Calico' are not quite clear; they probably refer to two different kinds of pepper.

(3) Court Book, III, 140, July 4, 1614.

The fear that the return of the Dutch fleet might glut the market did not materialise. That it remained exceptionally good was undoubtedly due to the fact that the VOC did not receive any returns for the second half of 1614. In November, the Dutch directors wrote to Admiral Steevan van der Haghe that they were entirely without pepper at Amsterdam and asked for more returns in future. Their evident chagrin could be seen in the instructions sent to Jan Pieterszoon Coen a week later in which they complained that "the English brag because they received this year good return of pepper, four times the quantities we received" and admonished him "to send us a great deal of pepper even if it should lower the price very much to spoil the market for the English once for all." (1) The shortage in the Netherlands obviously inspired a group of Dutch merchants to make an offer to buy all the pepper brought home in the Clove. The Company considered the offer very 'royal' but seemed unwilling to sell to foreigners. (2)

In December, 1614, there were further discussions on the question of price. As usual the exporters favoured a low price, 2ld. per lb.; but the others

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- (1) MSS Dutch Records from the Hague, India Office Library, Letters from the XVII to India, I, 5, 9.
 (2) Court Book, III, 253, October, 25, 1614.

comparing the prices of pepper in the Baltic countries, Germany, Italy and France held 22d. a reasonable price 'to answer all markets abroad and very indifferent as well for the buyer as seller....' The latter carried the General Court with them in the afternoon and it was recorded in the Minutes that they "persuaded to have the business so carried without partiality and such indifferency as that all the Adventurers of what quality soever might be accommodated, the Merchants with a price answerable to the Markets abroad, and Noblemen, Gentlemen, and shopkeepers, who will not transport, may live in expectation of some hopeful return; and therefore held 22d. to be a reasonable and indifferent price to transport."(1)

Pepper was a profitable commodity during this period, and the upward trend in price continued until 1617 when the highest level was reached. When two ships, the James and Glove, returned in August, 1615,(2) some members, encouraged by the previous year's experience, proposed to hold the pepper in hand so that, in case the Dutch ships were delayed, the price could be raised. This speculative move was disliked by others who pointed out that "this stay may as well make against them seeing the markets are now good, all places unfurnished, and the coming of the Flenings will hazard

(1) Court Book, III, 302-4, December 6, 1614.

(2) Court Book, III, 470, Exchequer KR. Port Book, El90/1615.

the fall of the price, which now it will yield."

Another reason urged for declaring a dividend immediately was that the merchants who wished to ship pepper to the Baltic area would not be able to buy any if it was left too late in the year as the passages would be frozen up.(1) The price set on this occasion was 2ld. for Calico pepper and 24d. for the better quality Priamon pepper.(2) The demand was so great that the whole stock of over half a million pounds was underwritten in 24 hours,⁽³⁾ and the greater part of it exported to the Baltic, Constantinople and the Levant, and to Naples.(4)

The continuing boom in the export trade was due to a steadily rising market on the Continent. The high level which the price of pepper attained in 1617 was not confined to England alone. In Holland, the imports of the Dutch East India Company were running at 4.8 million ponds and the Honourable Seventeen expressed themselves willing to received upto 6 million.(5) There was a keen demand for pepper in England, and in September the London Grocers who were free of the Company complained that they could not obtain enough pepper for

(1) Court Book, III, 470, August 31, 1615.

(2) Court Book, III, 474, September 8, 1615.

(3) Court Book, III, 497, October 6, 1615.

(4) Court Book, III, 470, 493, October 3, 1615.

(5) Glamann, op. cit., p.77.

town, while the exporters accused the Grocers of underwriting too much for domestic use.(1) When the Court of Committees discussed the announcement of dividends, the directors were encouraged by the general shortage to fix the price of Jambi pepper at 26d. and that of Bantam at 25d.(2) The supplies for 1617 were also on an unprecedented scale, and the five ships which arrived home from the Indies during the course of the year brought a total of about two million pounds.(3)

One of the disadvantages of studying the pepper-trade from the English and Dutch sources alone is that the trends in the European market as a whole cannot always be satisfactorily explained, and the precise factors which caused the prices to rise between 1615 and 1617 remain unknown. With the imports running at such high level, the favourable conditions did not last long. In 1618, the Charles and Hope arrived in London with a consignment of pepper estimated at 1,482,500 lb. (4) Although the Venetian ambassador, Piero Contarini, wrote to the Senate that the costly merchandise in the two ships gave 'intense satisfaction

(1) Court Book, IV, 13, September 26, 1617.

(2) Court Book, IV, 7, September 23, 1617.

(3) cf. Foster's introduction to Letters Received, vol. 6. Court Book, IV, 9, For figures of import see Home Miscellaneous Series, vol. 39, and Appendix B.

(4) Court Book, IV, 198-99, Home Miscellaneous Series, vol. 39.

to the merchants of this mart',(1) the Court of Committees was forced to admit, when discussing the policy of pepper-sale, that the Company "cannot now expect such a price as formely in regard the Low Countries are full, France hath her own, and in Spain are expected four Carracks which were sent at the Manillas."(2)

There were no pepper sales in 1619, and owing to the war in the East Indies the Company received only a small quantity of pepper. The market in Europe continued to be dull. The foreign centres were said to be full, and there is evidence that some of the pepper which had been taken out on stock in the previous year and exported was brought back to England and sold in London at a loss.(3) Consequently, it was not till February 1620 that the Company agreed to release any pepper. But the price had by this time slipped back to 20d. per lb. for Jambi and 21d. for Priamon. AsLisbon pepper could be bought in London at 22d. garbled, it was held 'not fit to burthen such as will ship forth but must be rated by the markets abroad.'(4).

(1) Calender of S.P. Venetian, vol, 15, 312.

(2) Court Book, IV, 199, September 11, 1618.

(3) Court Book, IV, 548-49, March 28, 1620.

(4) Court Book, IV, 509, February 4, 1620.

During the third decade of the East India Company's trade, pepper gradually began to lose the central position it had hitherto occupied in the finances of the Company. So far, when dividends had been taken out in goods, it was invariably pepper that was divided while the other commodities were either auctioned or sold by private negotiation for ready money. But in the General Court of October 13, 1621 an option was given for the first time to take out dividend in pepper, carpets or calico.(1) Only the Royal James had arrived this year, and out of her cargo of nearly a million pounds of pepper, some 700 bags were reserved for sale in the country.(2) Not all this pepper was immediately subscribed and some was lying unsold on the Company's hands until May, 1622. (3) Although the export trade was still rigidly safeguarded and controlled, the Company was showing increasing nervousness about the home market, and almost in every General Court the fear was expressed that the Dutch might steal in if the domestic supply was left insufficient. When in March 1622 the Company decided to release some pepper to make up an arrear in dividends for certain members

(1) Court Book, V, 125, October 13, 1621.

(2) Court Book, V, 93, Home Miscellaneous Series, vol.39.

(3) Court Book, V, 436, May 31, 1622.

it was proposed that the pepper taken out should be for export only, but the Governor pointed out that, as the Dutch had much pepper on their hands, 'if this Company shall empty their stores to be shipped away that may give the Dutch an opportunity to bring in theirs and to raise the price which will be neither credit nor benefit to the Company.'(1)

The price of pepper had continued to be stable between 1620 and 1622 with Jambi pepper at 20d and Atcheh 21d. (2) But the Company's profit margin was being steadily shortened through a rise in the cost price in the Indies. Although the Company's records do not indicate much awareness of this problem until later, there was already much truth in President Fursland's complaint made at Batavia in 1621 that pepper "at such dear rates will not yield such profit as you expect and your great charge requires which we cannot remedy, being forced to buy as the Hollanders do" and he went on to warn the Company that "the next pepper that we shall send will be dearer, for by advice from Achin we perceive both our factors and the Dutch there have bought pepper of the King at 48 rials the bahar, at which unreasonable price they write the King compels

(1) Court Book, V, 371, March 15, 1622.

(2) Court Book, V, 125, October 13, 1621, V, 436, May 31, 1622.

them to take it or else they must have no trade there"(1)
 There was no improvement two years later and Fursland pointed out that unless there was some agreement with the Dutch it would be impossible to buy pepper any cheaper.(2).

By 1623 the pepper market had declined further, and when two fleets arrived from Surat and Batavia in the summer, the question of fixing a price for the pepper brought home provided a subject for lively debates in the Court meetings. The urgency of arriving at a rapid decision is shown by the fact that even before the Surat fleet had been unloaded, the Company directors met together to settle their policy regarding the disposal of the pepper and the Governor put off giving an account of other goods until they had been sorted.(3). There was much apprehension that unless the Company acted quickly the Dutch might monopolize the market both at home and abroad,(4) and yet the final decision was postponed till the VOC had settled the price of its pepper. But in the General Court of 30th July, it was said that as the 'Dutch Company are at variance among themselves'

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- (1) Original Correspondence, VIII,1018,December,10,1621.
 - (2) Original Correspondence, IX,1099,February 9, 1623.
 - (3) Court Book, VI, 41, July 30, 1623.
 - (4) Court Book, VI, 1, July 2, 1623.

the price should be settled at 18d. for export and 19d. for town. As usual the decision was not reached without some dispute, and as the debate runs:

"Then they considered of the price whether to hold it up as it is now at 19d. to ship out or to fall it to 18d; it was argued on both sides first that the small quantity here the scarcity at Lisbon and the news of the Carracks lost and therefore was thought it would go off at 19d. On the other side the small quantity already sold and the experience of the merchants in France, the Straights, the East Countries where a part of the pepper formerly shipped out remains yet unsold, the Dutch having filled the Eastern parts with that commodity did over-sway the opinion of the Court." (1)

There was a slight rise in the price next year. In July 1624, it was fixed at 19-20d. for export because, as the Governor pointed out, the Dutch could not sell any pepper until next April and only small quantities were sold by the Portuguese and the Danes. In the Court of Committees much optimism was expressed that the 'price in London (as it now stands) will rule all Christendom.' (2) When some Eastland merchants pointed out that the price of pepper had fallen in that area owing to the exports from Denmark and the Low Countries, they were brusquely told that "no man is compelled to take out, it is at everyman's choice." (3)

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- (1) Court Book, VI, 38, July 30, 1623.
 - (2) Court Book, VII, 13, July 9, 1624.
 - (3) Court Book, VII, 10, July 9, 1624.

The market was, however, lowered by the large supplies imported during 1625 and 1626. The price of Indonesian pepper fell to 18-19d. per lb., while the more expensive Malabar pepper from India sold at 20d.(1)

That the pepper-trade had fallen upon difficult days is indicated not only by the general fall in the price and the Company's increasing concern about the market at home in the face of Dutch competition but also by the extra vigilance which the Company exercised in ensuring that the pepper taken out by the members was definitely exported. As early as 1623, Sir John Wolstenhome, the Farmer of the customs, had reported to the Company that pepper was being ostensibly exported and then shipped back again in small quantities. As these men had claimed back their imposts - which was allowed on all the re-exports of the Company - the offence not only contravened the Company's regulations but was against the State as well. Consequently, the directors fixed a fine of £5 per bag for future offences of this nature.(2) But in 1626 there were renewed complaints that pepper was being sold in Town in spite of the fine,(3) and when the Company sold some 200 bags to Richard Wright and Co., the City Grocers, they insisted that such merchants as have weighted out but not taken

(1) Court Book, VIII, 167, November 30, 1625, IX, 265, December 18, 1626, July 24, 1626.

(2) Court Book, VI, 96-97, August, 29, 1623.

(3) Court Book, IX, 45, July 12, 1626.

delivery of their pepper from the warehouses should be forbidden to sell it in Town until Christmas.(1) It is true that large quantities were being exported to the Baltic, the Levant, and Italy. We know from the Ledger Book of the Levant Company that in February, 1626, four ships bound for Constantinople carried 699 bags of pepper between them.(2) Again, in May, the Venetian Resident at Florence noted the arrival of seven large ships at Leghorn laden with pepper from London.(3) Yet, when there was a shortage in Town in June, 1627, it was said that 800 bags were still lying unexported, and the Court refused to release this pepper for sale in Town. Many reasons were urged for such a restrictive measure and the whole debate was conducted with considerable acrimony. For not only were the interests of the Wright and Company involved but the Company was safeguarding its own future sales. Moreover, it was alleged that if a precedence was made of overriding the general order of the Company, 'it would frustrate the general ends of the Company by discouraging Adventurers from subscribing to transport to the hindrance of begetting Trade abroad and of vent at home' (4)

The difficulty experienced by the lesser merchants

(1) Court Book, IX, 36, July 24, 1626.

(2) S.P. 105 (PRO)

(3) Cal. S.P. Venetian, vol, 19, p.422.

(4) Court Book, IX, 577-79, June 27, 1627, X, 3, July 4, 1627.

in marketing pepper and the financial needs of the Company were working towards a radical change of policy. As early as 1625, when the Company was hard pressed for raising ready money to discharge the incoming ships and equip new ones, the Governor had advised the adoption of a compromise under which half of the Company's pepper was to be delivered out to the shareholders on stock and the rest for ready money.(1) In the following year, during a discussion on policy one of the members of the General Court commented that "the Committees in this resolution to divide has fallen upon pepper as a commodity less vendible, and reserved cloves, indigo, and silk to raise present money."(2)

The winter sales of 1627-28 began to reveal the first signs of a gradual abandonment of the individual and small-scale marketing of pepper in favour of selling it in bulk to large syndicates. A substantial dividend was declared out of the pepper brought home in the London and Reformation in the autumn of 1627.(3). But previous to this no less than £10,000 worth of pepper had been sold to Philip Burlamachi and Partners at a price of 18d. per lb. for Jambi and 19d. for Priamon. As security

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- (1) Court Book, VIII, 167, November 30, 1625.
 (2) Court Book, IX, 273, 75, December 19, 1626.
 (3) Court Book, X, 222, January 15, 1628.

Burlamachi offered the bonds of Sir John Wolstenholme, Sir Paul Pindar, Charles Cockayne, and Abraham Jacob, all prominent London merchants.(1) One of the leading City financiers, Burlamachi had been a Government war-contractor since the early days of the Thirty Years' War and had been closely connected with the Company.(2) Why he turned his attention to large dealings in pepper during this period is not quite clear, but his offers were welcomed by the Company as a sure and easy way of raising large sums of ready money. In March 1628, he bought further £12,000 worth (3) and by July his bargains in pepper amounted to £40,000. (4) The Company had in the meanwhile sold 500 bags to the City Crocers.(5) But in August, it was calculated that 1,050 bags were still lying unsold, and when Burlamachi offered to take all of it (bringing his total purchase upto £60,000) his request

(1) Court Book, X, 184, December 14, 1627.

(2) cf. Robert Ashton, "The disbursing official under the Early Stuarts: the case of Sir William Russel and Philip Burlamachi. Bulletin of the Institute of Historical Research. XXV (1957) 162 and A.V. Judges, "Philip Burlamachi," Economica, X. 309.

(3) Court Book, X, 309.

(4) Court Book, XI, 37, July 25, 1628.

(5) Court Book, X, 310, March 12, 1628.

was readily granted. (1) This was the remnant of the last year's pepper and the price remained the same, 18-19d. But when the fleet returned in November, the price was again lowered. There were no divisions this year, and in the December sales Burlamachi contracted for the entire stock paying 17d. for Bantam pepper and 19d. for the Malabar. (2)

The pattern of the Company's pepper sale for the next two years continued to be similar. The annual returns of the Company were gradually falling. The autumn imports for the year 1629 were just over a million pounds while those for the two following years were exceptionally small. (3) There is little doubt that this was the result of a deliberate policy on the Company's part of reducing supplies owing to the declining trend in the prices. In September, 1630, Thomas Rastell and the Council at Surat acknowledged the Company's instruction for reducing the imports of pepper to 1,000 or 1,200 tons a year 'by reason of the great clogg and base esteen of pepper in Christendom now sold 16d. and 17d. at three years day out-right for payment.' (4) The

(1) Court Book, XI, 47-48, August 1, 1628.

(2) Court Book, XI, 200, December 19, 1628.

(3) See the Appendix B.

(4) Original Correspondence, XII, 1313, the ton varied between 12 to 14 cwt.

same year, there were stormy scenes in the General Court over the pricing of the London's pepper and the exporters succeeded, against the advice of the Governor, in lowering the price to 15d. per lb. Complaints were heard that the Dutch had sold their pepper 'not above 12d. per lb.!(1)

Burlanachi's pepper contracts seem to have continued during 1629, but it was not till the summer of 1631 that he resumed his dealings on a large scale. In June, he bought the whole stock of Malabar pepper, which had just arrived home in the Charles and Jonas from Surat, at 17d per pound and his security came to more than £55,000.(2) This was his last pepper bargain. In 1632, the Company was selling pepper in lots of 100 bags at 15½d per lb.(3) But it went slowly as the market was depressed by the large quantities sold in the Netherlands by the Dutch Company.(4) An attempt to raise the price by holding back the stock produced a slight improvement, and in February, 1633, 2,000 bags were auctioned to ten buyers at the rate of 16½d. lb. Lingering hopes were expressed in the General Court that 'if their differences with the

(1) Court Book, XII, 50, October 1, 1630.

(2) Court Book, XII, 271, Charles' invoice, Marine Records Misc. vol.4, No.14.

(3) Court Book, XIII, 20-21, July, 20, 1632.

(4) Court Book, XIII, 28, July 27, 1632.

Dutch were accommodated pepper will then sell as well at 20d. as now for 16d.' The Governor also had to correct a geographical error in the minds of many members, who hoped that the famine in Gujarat would cause a shortage, by pointing out that the Company's trade in South-east Asia would not be affected.(1)

The directors continued to be troubled by the low price of pepper for the next three years. Most of the pepper received during 1633 was sold to a single contractor, Daniel Harvey, at 15½d. per lb, and the rest to the Deputy Governor, Alderman Clitherow, Sir James Cambell, and other Eastland merchants for shipment to the Baltic.(2) Daniel Harvey was again buying pepper from the Company in 1635. The General Court seem to have developed a dislike for bulk sales as it looked too much like 'engrossing'. But on this occasion it was decided to sell 'the whole parcel of pepper without the candle at the Company's price of 16d.' because it was observed that 'the dividing it into many hands would abase the price which would not again be easily raised and so consequently disadvantage the Company.'(3)

(1) Court Book, XIII, 101-4, October, 1632; XIII, 216, February 27, 1633. About the auction it was observed that though 'the sale in gross hath ever been most advantageous, yet it was conceived more just to let every man have a share.'

(2) Court Book, XIV, 45-53, August, 1633, XIV, 90, September.

(3) Court Book, XVI, 46-47, September, 25, 1625.

It was not till the end of 1636 that the price of pepper began to rise again. As it was stated by the Dutch Company, this was due to a scarcity of supplies throughout Christendom.(1) When one of the ships of the English East India Company, the Palsgrave, was wrecked in river between Dartford and Woolwich with its entire cargo of pepper there was much nervousness among the Court of Committees that "the Dutch upon the news of the casting away of the Palsgrave will raise the price of their pepper" and the Court decided to put off fixing the price of their own 'until they shall hear how the price ruled in Holland then to conclude as the cause required.'"(2) Again, in February 1637, the sale of pepper which had arrived in the Reformation and Discovery was postponed for a few days on account of the fall of the price in Holland which was said to be rising again.(3) A month later 1,000 bags were sold to John Langham by candle auction at 19½d. per pound. (4).

The loss of the Court Minutes for the next two years does not permit us to follow the history of this rise in detail. Ungarbled pepper was selling at 29½d. in August,

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- (1) Glamman, op. cit., p.79. At the Amsterdam exchange the annual average stood at 0.53 in 1631. In 1637-38, it rose to 0.75 and 0.85 respectively. Posthumus op.cit., p.74.
 (2) Court Book, XVI, 217, November 18, 1636.
 (3) Court Book, XVI, 246,
 (4) Court Book, XVI, 276, March 1, 1637.

1639, (1) while early next year 400 bags of Malabar pepper was sold at an average of 3s. 6½d. (2) In the Netherlands also the prices had been forced up to abnormal heights by a mixture of panic and speculation. (3) The English merchants, while profiting from the high prices, at the same time did not scruple to treat the developments in Holland as an additional reason for strengthening their monopoly. In a petition presented to the King, it was urged that if the Company gave up the East India trade it would only fall into the hands of the Dutch "to the loss of his Majesty's customs and improverishment of this country and the price of all spices will likewise be increased, as shown in the case of pepper this year, which the Dutch have raised at least by £100,000." (4)

In 1639 and 1640, on a proposal of the Lord Mayor of London, a considerable quantity of pepper was sent to the Levant on the Company's account. (5) This was the first time that the Company had exported pepper on a joint-stock basis, and in August, 1640, on the arrival of four ships it was decided to send again 800 bags to Venice and

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- (1) Court Book, XVII, 25-26, August 16, 1639.
 - (2) Court Book, XVII, 141-42, February 21, 1640.
 - (3) Glamann, op. cit., p.79.
 - (4) India Office, Dutch Records, vol. VI.
 - (5) Court Book, XVII, 247, August, 1, 1640

Leghorn on the Company's account, in addition to the shipment to the Levant.(1) Although previously the business had been put in the hands of the Florentine House of Guadagni, this time two English merchants, Job Throgmorton and John Collier, were appointed as agents in Leghorn while the consignment to Venice was entrusted to Laurenso Petti, Romulo Romuli, and Paul del Sero. (2) The rest of the pepper was sold to the King in August at 22d. after Lord Cottingham had offered on behalf of the Government four bonds of £14,000 each as security. (3) Charles I was induced to take this step by the desperate financial straits of his Government, and most of the pepper was sold in the market at a loss. (4) The Company, on the other hand, not being able to envisage the outcome or even the possibility of the Civil War, had agreed to the bargain partly as a normal commercial transaction and partly no doubt in the hope that by acceding to the King's wishes they might persuade him to give greater support to the Company and help to consolidate its position which they felt was threatened by the Royal

(1) Court Book, XVII, 248, same date.

(2) Court Book, XVII, 249, August 5, 1640.

(3) Court Book, XVII, 276, August 28, 1640.

(4) (PRO). Domestic Charles I, vol,ccccclxxiii, No.83. December 21, 1640.

grant to the rival Courteen Association. (1) As it was, with the out-break of the Civil War not only did the payments from the Government remain outstanding but the fortune of the Company in general fell under heavy clouds.

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- (1) Of the Royal offer to buy the Company's pepper it was observed in the General Court of August 26, 1640,
"Hereupon motion is made that the necessity of the King's affairs has caused this proposition and that the danger with which the state is threatened requires money, and as this will be an acceptable service causing no danger or prejudice it will be well to accept it, the Company never having been known to refuse the best price."
Court Book, XVII, 273.

Section 2. Spices.

The types of the rare spices which the English East India Company sold in its court of sales in the early seventeenth century consisted of four different kinds: these were cloves, nutmeg, mace and cinnamon. Occasionally, it also sold green and dry ginger, which does not quite come under the category of spices. The original home of the first three was in the small and scattered group of islands, to the South-east of Java and Celebes, known as the Moluccas. Cinnamon came from Ceylon and the Malabar, and as the English Company did not have direct access to these sources it was bought indirectly. Apart from cloves, the English imports of nutmegs, mace or cinnamon were negligible over the whole period, though in particular years there were occasional consignments which were fairly substantial. The evidence of the Company's Court Minutes on this point is remarkably corroborated by that of the London Port Books. Between 1599 and 1634, for example, nutmegs and mace were regularly imported from the Netherlands while the entries for the East India Company's imports are conspicuous by the absence of these two spices.(1) In one single year alone, 1633-34

(1) Exchequer K.R. E 190 Series, cf. A.M. Millard, op.cit., As pointed out earlier, the port books do not form a Continuous series and thus the evidence from them is not complete or entirely reliable. We know that the Company imported nutmegs and mace, for example, in 1621 for which there is no entry in the port books.

was there an entry for mace: £860 worth imported by the East India Company and £7,440 worth coming from Holland.(1) This in effect meant that cloves were the only item of importance on the Company's list of spice imports.

Paradoxically, as long as the English Company retained access to the Moluccas, and the islands of Banda and Amboina, its share of the clove trade remained limited. It was only when the "Massacre of Amboina" had extinguished all hopes of working in partnership with the Dutch in the Spice Islands, and the factors had turned to exploiting the indirect sources that the Company's imports of cloves showed a rapid and substantial increase. This development was further accentuated by the declining profitability of pepper in Europe. As the Dutch grip on Banda and Amboina increased in severity, the English factory at Macassar became the receiving-house of the cloves smuggled out of these islands.(2) From the late 1620's smuggling was rife and its growth reflected a serious failure of the Dutch Company's attempt at gaining a complete monopoly of the spice trade. As early as 1624, Thomas Brokendon, the English President at Batavia, advised his subordinates at the Macassar factory

(1) E 190/38/5 (PRO). see also Court Book, VI, 17, Jly. 11, 1623, when it was said that the Dutch had twice the share of mace.

(2) cf. Letter of van Gorcum, the governor of Amboina, to Carpentier, August 6, 1627, in Tiele & Heeres, Bouwstoffen voor de Geschiedenis der Nederlanders in den Maleischen Archipel, II, p. 113.

to start buying cloves since the Spice Islands were now closed to English Trade. In July, 1627, the Council in a letter to the Company described the Macassar factory as 'one of the especialest flowers in our garden' and urged the directors to present the King with a 'cannon Royal' which they promised would yield a 'large satisfaction in cloves.' (1) By 1630, the Surat Council which had been given the charge of the southern factories was writing to the factors to buy as much cloves as possible "if Macasser should yield you such abundant quantity...as the great hopes you give do encourage...to the purchasing whereof we shall not only supply you to the utmost of such sums as are appointed you by the Company, but even also to the utmost of our own credit, though much engaged already." (2) These instructions were issued to George Willoughby, and when the latter became the President of the once more autonomous Presidency of Bantam in 1634 (3), he found the smuggling traffic in such a flourishing state that he considered it good policy to assist the 'procurers' of cloves with lead and powder. (4)

In striking contrast to pepper, the history of the East India Company's spice imports into the London

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- (1) Original Correspondence, XI, 1255, 18 July, 1627.
 - (2) Original Correspondence, XII, 1313, September 29, 1630.
 - (3) Court Book, XIV, 197, November 29, 1632, December 2, 1633.
 - (4) Original Correspondence, XV, 1552, January 31, 1636.

market displays a far lesser degree of documentation and on certain points remains decidedly obscure. The loss of the early account books and gaps in what was once a complete collection of factor's correspondence containing ships' bills of lading have made it particularly difficult to arrive at the precise figures of the quantities imported over the whole period. Again, since the Court Minutes of the Company generally recorded only very perfunctory references to the market conditions in the spice trade, the technique of its sales, and the considerations leading to the setting of a price, our knowledge of these subjects is confined to the bare outline. The explanation for the lack of any great interest on the part of the Court of Committees stems from the fact that unlike pepper the marketing and pricing of spices presented no serious problems as the volume and value of the imports were relatively small. The impression to be gathered from the Company's records is that there was always a steady, if limited, demand for spices, and provided the Company kept note of the price level prevailing on the Continent, the spice trade was not liable to the depressions and violent fluctuations such as characterised the pepper trade.

If in some ways the trend in the Company's imports of clove was similar to that of pepper, in other aspects

it was a complete antithesis. Thus, the volume of importation in both the cases demonstrates a rising curve gradually falling off again towards the end of the period. The two developments were not chronologically coincident. The peak of the pepper imports falls between 1617 and 1630. The rising trend in the clove trade, on the contrary, did not begin until the late 1620's and continued for about a decade. The price history of the two commodities was again similar. The price of cloves began to rise from about 1626, after a comparatively stable period, reached its height around 1632, and thereafter declined steadily. As the growth of the clove trade was partly due to the declining circumstances of the pepper trade, it is permissible to argue that the similarity was basically caused by the same factors. Just as the increasingly large supplies of pepper had led to the drastic fall in its price, so it also proved in the case of cloves.

It is when we turn our attention to market conditions and the technique of sales that the radical difference in the Company's attitude towards the two commodities comes to light. During the first two decades of the Company's trade spices were generally sold in the Courts of Auction, though on rare occasions buyers wanting to retail them in town were allowed to

make private offers. (1) In 1623, permission was granted for the first time to deliver cloves as dividends along with pepper, and the practice was continued for the rest of the period.(2) If there was a surplus after the division, it was auctioned, or sometimes the whole stock was sold to a single contractor at a fixed price. There were seldom any restrictions as to the choice of markets, and the buyers were left free to export or sell in the country.(3) Nor did the setting of price provide such a fruitful source of friction as in the case of pepper. The question was usually left to the discretion of the Court of Committee and confirmed by the General Court as a matter of course. (4) As usual there were two prices set for cloves, one for garbled and the other for un-garbled.

The first mention of a clove sale in the Company's records occurs on May 13, 1607, when one hogshead was put to sale at 4s. per pound ungarbled. (5) Although the quantities imported in the previous year's fleet was described as one whole ship's lading, the low price

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- (1) Court Book, III, iii, December 13, 1613, 129, June 28, 1614.
 - (2) Court Book, VI, 96, VII, 7; July 7, 1624, XIV, October 8, 1633.
 - (3) Court Book, III, 398, March 21, 1615.
 - (4) Court Book, II, fol, 107, February 8, 1609.
 - (5) Court Book, II,

was probably due to the poor quality. (1) It was not till two years later that cloves were again sold in any large quantities. In February and March, 1609, the consignment brought home in the Consent was auctioned to a group of exporters; 225 hogsheads were altogether sold at a price of 6s. 4d. garbled and 5s. 9d ungarbled.(2) By 1614 the price had risen to 7s. and 8s. respectively and remained at this level until 1620. (3) In the auction sale of spices on September 20, 1614, 87 hogsheads were sold at 6s. 11d. (4) In the early '20's the price of cloves seems to have declined slightly, and it was selling at about 6s. ungarbled and 7s.garbled. The quantities imported remain unknown. In 1622, the Charles brought home 323,000 lb. invoiced at 3,407 rials,(5) and a year later the Palsgrave's cargo from Batavia contained 2,218 piculs of cloves. (6) That the year 1622-23 saw very large quantities being imported into Europe is clear from the English and Dutch sources. The supplies were on such large-scales that the Dutch

(1) The First Letter Book, 149.

(2) Ibid, 218, Court Book, II, fol. 110, 111, 116.

(3) Court Book, III, 172, 398, 507.

(4) Court Book, III, 226-27.

(5) Original Correspondence, VIII, 1018, December 10, 1621.

(6) Original Correspondence, IX, 1099, February 9, 1623.

The picul was a Chinese measure equivalent of 133 1/3 lb

Company felt itself able to supply the whole of Europe for 7 - 8 years, and this was echoed in London where it was stated that the Dutch had 'cloves at Amsterdam sufficient to serve all Christendom for four or five years'. (1) Glamann has drawn attention to the fact that the Dutch practice of fixing a definite price for dividend declaration was broken by clove supplies from England. Conversely, in London the English were forced to lower the price because it was said that 'the Dutch had cloves in abundance'. (2)

By 1626 the price of cloves in the London Market had reached spectacularly high levels. In May, garbled cloves were selling at 8s.1d. per lb. and by November, when the City Grocers earnestly pressed the Company to release its stock of cloves, the Court of Committees fixed the price at 11s. (3) Next year there was a great shortage in town and the Company arranged with the Grocers to sell the whole stock by bulk at the same price as it was feared that 'by selling this commodity by parcels the Company may receive much prejudice.' (4) Until the middle of 1633, the price of garbled cloves

(1) Calendar of S.P. East Indies, 1622-24, p.332.
Glamann op. cit., p.94.

(2) Ibid; Court Book, VI, 17, 236.

(3) Court Book, IX, 183, November 15, 1626.

(4) Court Book, X, November 30, 1627, 175, December 5.

remained within the range of 10s. 6d. and 11s. Ungarbled cloves showed a tendency to fluctuate a little more, the price being determined by the condition in which it arrived at the end of the long voyage. But over the same period it generally sold between 8s. and 10s, though on one occasion the price rose to 10s.6d.(1) The quantities imported were also often large. In 1628, more than 300 hogsheads were sold by the Company in London. (2) Again, 500 hogsheads were offered for sale in 1633, but as there were no buyers prepared to pay the price of 8s.6d. set on the cloves, it was resolved to declare a dividend in goods, composed of $2/5$ parts in cloves and $3/5$ in indigo. (3) The total quantity which was invoiced for this year from Batavia to London came to 157,114 lb. (4), and the value was declared to be £66,000. (5)

From 1635 it became evident to the Court of Committees that the clove trade had already passed its peak. In May, the Company refused an offer made by

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- (1) Court Book, XI, 73, 202, XIII, 24, 95, XIV, fol.59.
 - (2) Court Book, XI, 202, December 19, 1628.
 - (3) Court Book, XIV, fol.59-60, October 9, 1633.
 - (4) Court Book, XIV, fol.83, November 18, 1633.
 - (5) Court Book, XV, 239, May 29, 1635.

Job Harvey to buy 150 hogsheads of cloves at 6s.8d per pound. (1) But the directors were compelled by the poor state of the market to accept only 6s. per lb. in September when 430 hogsheads were sold to Alderman Garraway.(2) After this the market continued to decline steadily and in 1640 the price of ungarbled cloves had slipped down to 5s.4d, while the garbled cloves were sold in town a shilling dearer. (3) Already in 1638, the Court of Committees had instructed the factors at Masulipatam to start reducing their investments to the Macassar factory for cloves because, as it was pointed out, 'that commodity is here so debased by the Hollandors that they are now worth scarce 4s. the pound and therefore that trade is not worth following.' (4) This history of the East India Company's pepper and spice trade between 1603 and 1640 was to illustrate more than anything else the inelasticity of the market and the slow rate of growth. Hence the excessive and eager emphasis on protective measures through an assertion of European monopoly. The latter was never a reality either for the English or the Dutch Company, but it was nevertheless responsible for creating the mirage of a golden East India trade.

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- (1) Court Book, XV, 239, May 29, 1635.
 - (2) Court Book, XVI, 47a, September 25, 1635.
 - (3) Court Book, XVII, 269, August 21, 1640.
 - (4) Letter Book, I, 142, March 16, 1638.

CHAPTER V. IMPORTS II

Section 1. Indigo, Saltpetre, and Sugar.

Having examined in the last chapter the salient features of the East India Company's imports from South-East Asia, we now turn to those from India and the Near East. The general pattern and scope of the Company's trade in Indian goods differed from that of the pepper and spice trade in many fundamental ways. The latter was a familiar and old-established trade, while the market for the former was relatively new, though a growing one. In the long-run the trade of the mainland far outstripped the spice trade in importance (1), which was largely due to the greater flexibility of the markets commanded by the different types of Indian commodities. With the exception of small parcels of Chinese raw silk and benzoin, the Company only imported pepper and spices from South-East Asia, the use of which was restricted and dependent on the vagaries of culinary tastes. The consumer demand for pepper and spices, it is true, ensured a comparatively large volume of importation. But the very size of the imports together with the incalculability of the actual quantities expected from year to year introduced a potential factor of dangerous instability in the trade. The bitter complaint of a member of the company in the late '20's of the loss of over 20 per-

(1) cf. D.G.E. Hall, A History of South East Asia. p.251

cent on his investment caused through the delayed sales of pepper taken out on stock provides us with a graphic example of the inelasticity of the market.(1) In this respect, the diversity of the imports from India was an element of cardinal importance in the growth of their European markets. The use of indigo, admittedly, was confined only to the textile industry and the mechanism of its marketing and the Company's sales policy reflected this limitation. But the imports of saltpetre, the occasional consignments of sugar and above all those of calico afforded a wide range of commercial possibilities not possessed by the imports from South-East Asia. The market for calicoes, if it took time to develop, proved particularly flexible, a fact which accounted for the spectacular increase in its importation both for re-export and domestic consumption, first, in the early 1620's and again in the post-Restoration period.

The importance of the Indian imports and the advantages they enjoyed during the first forty years of the 17th century must not, however, be exaggerated. To a certain extent, it was only because the pepper imports bore the greater part of the burden of providing the shareholders of the Company with the bulk of their financial returns, that the directors were able to follow a flexible policy towards the sale of their Indian commodities. The pepper sales had an obvious basic importance not shared by other East India goods. Hence, in

(1) Court Book, X, 366, May 20, 1628.

selling their stock of indigo or calicoes the Court of Committees could afford to wait until the market had turned favourable. Equally important was the feeling of security afforded by the comparative absence of ruinous Dutch competition, which was the hall-mark of the pepper trade. In 1627, when the future of the Southern trade was under discussion it was stated in the General Court that "the profit of this trade consisted chiefly in accommodation with the Dutch and to bring down the prices of commodities abroad and advance them at home, instancing the price of pepper." The price of pepper, it was observed, was enhanced by the Netherlanders from $1\frac{1}{2}d$ or $2d$ to $4\frac{1}{2}d$ or $5d$ per pound besides the shipping charges.(1) But apart from one solitary reference in 1619, the Court Minutes of the Company never mention any serious threat to the indigo trade arising from Dutch imports.(2) Even in 1619, only a fear was expressed that if the Company held back its stock in the hope of better prices, it might encourage the 'Flemings' to bring it from Surat.(3) Four years later, the Company was planning to export indigo to Holland because "the Court considered that they shall vend a commodity and discourage the Dutch from fetching it."(4) When at the time of the Gujarat famine the price of indigo and calico rose and there was much dissatisfaction in the General Court, the

(1) Court Book, IX, 532, May 23, 1627, X, 25, July 20, 1627.

(2) In 1625-26 and 1633-34, however, indigo was being imported from the Netherlands, Port Book, E190/31/3, '38/5.

(3) Court Book, IV, 343, May 4, 1619.

(4) Court Book, VI, 61, August 13, 1623.

Deputy Governor justly retorted that the rise in the prices was through the 'immediate hands of God' and not through any fault of the Court of Committees.(1)

It is clear that the main source of competition to the English East India Company's indigo trade came not from the supplies imported by the Dutch Company but from those which reached Europe from the Levant through Aleppo. Both indigo and calicoes were imported by the Portuguese, and there is evidence that in the pre-Company days these were in turn re-exported to England, though the total quantities of such imports remain uncertain.(2) The real market which supplied Europe with indigo at the turn of the century was, however, in Aleppo. It was there that the caravans arriving overland from India were unloaded, and their starting-point Lahore gave its name to the North Indian indigo which was actually grown around Biana near Agra. The Letter Book of William Clarke, who acted as a commissioned agent for a number of London merchants at Aleppo, contains frequent reference to the purchase of all the different types of indigo later imported by the East India Company.(3) In the early years of the Company's trade in India its factors, often selected because of their commercial experience in the Levant, also retained a tendency to refer

(1) Court Book, XV, 249, June 12, 1635.

(2) BM Lansdowne MSS 41/35-38/fol.114-35.

(3) BM Sloane MSS 867.

to the Aleppo standards. In 1614, for example, John Sandcroft wrote to the Company from Ahmedabad that he had bought fifty maunds of rich indigo 'as good as ever I saw in Aleppo' for 15 rupees the maund. (1)

The parallel importation of indigo through the Levant and via the Cape route persisted at least until 1625. To the English East India Company this persistence of the trade by land appeared an anachronism, especially in view of the success it had achieved in diverting the pepper trade from the Levant to the Cape route. In 1619, complaints were heard in the Company's court sales that a restrictive policy towards the sale of indigo was encouraging some merchants to import it from Aleppo and Venice 'to the wrong and prejudice of the Company a great part.' (2) But by 1624, the Company seems to have gained the upper hand, and its Governor, Sir Morris Abbot, was urging on the Court of Committees the adoption of a policy through which the trade of indigo could be driven back from Turkey into the Indies and thence to Europe again by keeping down the price to an artificially low level until the Levant merchants had definitely abandoned the trade. (3) Again, a year later, the directors reduced the price of the Company's indigo in order to encourage its exportation. It was observed in Court that "in the beginning to the East India trade the

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- (1) Letters Recieved, I, 214, December 19, 1614. The maund varied from 27 lb to $32\frac{1}{2}$ lb, and the rupee rated at 2s 6d.
 (2) Court Book, IV, 335, April 27, 1619.
 (3) Court Book, VI, 474, April 7, 1624.

transportation of pepper into Turkey and other parts adjoining diverted the trade of pepper and it was hoped the like might be brought to pass by sending indigo into Italy and Turkey, which would hinder the bringing of that commodity into those parts." (1) It is difficult to estimate to what extent the indigo market at Aleppo was affected by the Company's policy. That the Company gained some success in breaking into the Levantine markets there is no doubt, for it is attested not only by its own records but also by those of the Levant Company. (2)

The main characteristic of the Company's Indian trade for at least a decade after the establishment of commercial relations with Surat in 1608, was the overwhelming primacy of indigo, which in the order of relative value was followed by calico, saltpetre, sugar, cotton yarn, cotton wool, ginger, and gumlac. In 1619, for example, the invoice value of indigo carried in the Royal Anne from Surat came to 630,000 mahmudies as against 77,000 for that of calicoes. (3) Indigo was still described in 1623 as 'the best commodity the Company had from the parts of Surat.' (4) But as early as 1618, the Court of Committees had thought it prudent, for reasons which we shall examine later, to start reducing the imports of indigo; instruc-

(1) Court Book, VIII, 146, November 11, 1625.

(2) Court Book, VIII, 288, February 24, 1626, Ledger Book of the Levant Company, PRO S.P.105, vol. 158.

(3) BM Egerton MSS 2122, fol. 55. The mahmudi was valued at one-fifth of a rial of eight (Seville) or about 11d, cf. Letters Received, 1, p. 34.

(4) Court Book, VI, 231, November 7, 1623.

tions were issued to the factors in India this year to send less indigo and more calicoes. This was not the result of any purely temporary overstocking, because the order was repeated a year later.(1) As a result a definite change began to take place in the structure of the Company's Indian trade which ultimately altered the relative balance of the various commodities. The invoice of the Charles which arrived home in 1631 provides us with one indication.(2) But the most striking proof of the loss of its primary position suffered by the indigo trade in relation to calicoes comes from the end of the period. By 1639, the total value of calicoes, imported in the two ships, the Royal Mary and Swan, had reached 412,400 mahmudies while that of indigo had sunk to 362,800. This trend continued for the next two years. In 1640, the consignment of calicoes sent to England in the Discovery was invoiced at 198,300 mahmudies , but the value of indigo came to a mere 118,900.(3) In the absence of a complete series of statistics, these examples can only be treated as indicative of the trends in particular years and it is not safe to assume that an absolute reduction took place in the importation of indigo between 1620 and 1640. Nor must the factors operating towards the change be entirely assigned to the demand side. The famine in Western India completely disrupted the established trends of the East India

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- (1) Factory Records Miscellaneous, I, 15, December 1, 1618, BM Egerton MSS 2122, fol.124, August 26, 1619.
 (2) For Charles's invoice see Marine Records Miscellaneous vol.IV, No.14.
 (3) Original Correspondence, XVII, 1656, 1725.

Company's Northern trade and made it wildly fluctuating. While the evidence from the Court of Sale does indicate that indigo was being imported in lesser quantity in the 1630's, this was just as true of the calico imports.

The relatively high level of imports in the earlier years is explained by the fact that in the first quarter of the seventeenth century an expanding market was created by the rapid displacement of the traditional dyes such as woad and logwood by indigo, and as long as the process of replacement went on the demand remained buoyant.(1) But as pointed out earlier, there was a limit beyond which the demand could not go unless there was an expansion in the textile industry or new markets were found abroad. On the demand side, the ceiling for the volume of indigo imports which the domestic market could comfortably absorb seems to have been reached by the early 1620's. Thereafter, the home demand remained static or even showed signs of decline as the English cloth manufacture was hit by one of the worst depressions of the century.

The supplies from India, on the other hand, in spite of the injunction of the directors for a reduction, displayed an erratic but marked upward trend until 1630. For example, the imports which had stood at 1,229 barrels in 1618 had climbed to 1,540 barrels in 1626, and reached 2,100 in 1628.(2) It is not therefore surprising that in order to keep the situa-

(1) In 1615, the East India Company was discussing plans for keeping logwood forcibly out of the country. Court Book, III, 526, October 27th.

(2) Court Book, IV, 134; VIII, 286; IX, 33, 122; X, 391.

tion well in hand, the Company should have increasingly turned to re-exporting indigo to the Continental markets and imposed a strict control on the sale of the commodity. In 1620, the Governor advised the General Court against a division because it was feared that "all places being full abroad and no means to vent, although it be shipped forth, it will be brought back and sold here at a mean price as was remembered had been formerly with some pepper delivered forth in the same manner." (1) The most remarkable feature of the East India Company's policy towards the sale of indigo was, indeed, the extent to which control was exercised in releasing the commodity on the market. The mechanism of marketing varied. The indigo might be sold to single buyers, to a syndicate, or taken out as a dividend, but the timing of the sales was arranged according to the state of the market and stocks were often held back for a considerable length of time. Since it was not considered wise to impose such restrictions upon the choice of markets where the buyers might sell, as were imposed in the case of pepper, this was the only instrument through which the Company could make some effort at maintaining what it considered to be the right level of prices. For the export trade in indigo, owing to the lack of resilience in the overseas markets imposed by the limited utility of the commodity, was much less organised than that in pepper, and consequently the buyers had to be granted a wider measure of liberty in the methods of retailing their purchases. Furthermore,

(1) Court Book, IV, 548, March 28, 1620.

the capacity of the international textile industry to absorb the supplies on the hands of the Company was not the only consideration that dictated the policy of the Court of Committees. As the dyeing of cloth took place only at certain time of the year, the seasonal nature of the demand for indigo also provided an additional motive for regulating the sales.

The price of indigo in the London market showed considerable variations according to the quality and types of the imports. The two main types imported by the Company in the early 17th century were variously known as Sarkhej and Lahori or flat and rich respectively. The former came from within a few miles of Ahmedabad, the capital of Gujarat, and was considered to be definitely inferior to that from Biana. In good years the price of 'rich' or Biana indigo in London fetched 1s to 2s per lb. more than the 'flat'. Within each variety again the prices often fluctuated because due to the methods of cultivation the quality was not always uniform. The indigo crop during this period was normally ratooned, and out of the triennial cycle the second year's cutting was held to be the best.(1) As the Sarkhej indigo was mixed with one part sand to two parts indigo and was generally of a coarse quality, the price of it did not vary as much as that of Biana. The latter

(1) For a description of indigo cultivation in the 17th Century see Pelsaert's Remonstrantie. The first year's cutting was known as nauti, that of the second as jarhi, and the third as Katel. Pelsaert considered nauti to be more useful in dyeing woollen and other heavy goods, because it went further than the jarhi.

was processed in a pure form but sometimes it was adulterated with the inferior kind made from the first or third year's cutting, and hence was subject to greater fluctuations.(1) Occasionally, indigo was also imported from the Coromandel coast. But this was found to be so poor in quality that it sold at half the price of the other varieties. In 1616, the Coromandel indigo was spoken of as being 'very evilly made' and the factors were instructed not to make any further purchases.(2)

The first reference to the sale of indigo by the East India Company in London comes from the winter of 1613.(3) This was obviously part of a consignment brought back by the first ships arriving from Surat via Bantam. But due to a gap in the records it is not possible to determine either the quantity or the price. Nor do we know if any sales had taken place previously. Small parcels of indigo were sold in the summer of 1614 and again 1615, though it was not till January 1617 that the Company seems to have held a major sale.(4) During 1615 and 1616 the Company had received fairly substantial quantities of indigo in two ships, the Hope and New Year's Gift, invoiced by the factors at 1,554 churls (42,735 lb.).(5)

(1) Letters Received, VI, 335, December, 1618.

(2) Letters Received, III, 232.

(3) Court Book, III, V, December 15, 1613; 83, March 29, 1614.

(4) Court Book, III, 526 October 27, 1615; IV, 134.

(5) Letters Received, II, 194; III, 297, the churl was 27½lb.

It is not certain who the buyers were in this case, but as part of the bargain a condition was imposed by which the Company undertook not to sell any more indigo for twelve months.(1) It is interesting to note that with indigo selling at 6s per pound, the price was considered to be too high even by the directors. But at least part of the reason why the price was pushed up was the high cost of sending adequate shipping to Surat to provide protection from the Portuguese menace. It was pointed out that if the trade with Surat could be carried on with two ships instead of four, the price would easily come down to 4s. Moreover the low price need not cause any undue discouragement because the Court of Committees hoped that "the quick returns which by God's assistance may be expected hereafter will raise a reasonable advantage if indigo be sold at 4s per lb." The Deputy Governor himself offered to take 500 churls at 5s "to carry into the Straits...and so may be a means to divert the sale of indigo from Turkey as hath been of spices."(2)

Compared with the amounts sold in 1617, the Company's indigo imports reached a spectacularly high level in 1618. In the intervening year, five ships had arrived home from the Indies, of which the Globe alone carried 1,600 churls, and the total quantity offered for sale came to more than 255,000 lb. In February, by which time the period of 'restraint' had expired,

(1) Court Book, IV, 134, (mentioned retrospectively.)

(2) Court Book, IV, 17-18, September, 30, 1617.

the town was said to be 'destitute' of indigo, and the Court of Committees decided to sell their stock by candle auction before speculators were encouraged to form monopolistic rings. This fear was fully aroused when in the General Court, some members protested that the buyers had not been given sufficient notice and that the sale should therefore be postponed. In reply the directors took the opportunity to do some plain speaking. The Generality were reminded that even they should have the discretion to see that the sale should have taken place earlier and that not only were hand bills set up on the Exchange for a whole day which gave ample time to all those who were interested to acquaint themselves of all the particulars but a further protraction "may prove prejudicial to the Company by giving leave to a combination to hold down the price." (1) In the end, some 1,229 barrels were auctioned to three bidders with the price of flat indigo at 5s. per lb. and the rich at 6s 2½d. William Harrison alone bought 909 barrels of the former kind while 280 barrels of the latter went to Hugh Hammersley. Forty barrels of the dust of flat indigo were also sold at 18d. lb. It will be seen that the price was higher than in the previous year. In the face of a keen demand the directors had obviously abandoned all the apprehension which had been aroused before by the high cost price of indigo. This state of affairs did not last long, but for the time being the Court of Committees

(1) Court Book, IV, 132-34, February 24-25, 1618.

seemed to enjoy a respite from any anxiety on the score of the prices.

It was not till another fourteen months had elapsed that the Company turned its attention again to the further sale of its indigo. There was already emerging the practice of holding the imports which had arrived in the autumn over the winter months and of putting them to sale early next year when the retailers prepared to get their stocks in for the forthcoming clothworking and dyeing season. Later, when the indigo trade ran into something like a slump the Company was forced to sell its stocks two or three times a year; but the spring always remained the decisive time for settling the Company's policy. In 1619, the Court of Committees met fairly late in the year, on April 27th, to discuss the conditions of sale. As usual, there were different views expressed. One party urged that the indigo should be sold as soon as possible, not only because this was the most suitable time for selling but also because the policy of holding the stocks back in the hope of obtaining a higher price was recoiling on the Company by encouraging the importation of indigo from the Mediterranean and the Levant.⁽¹⁾ A week later, in the General Court, the same opinion was expressed, and the Directors were urged "to have present sale, this being a time of the year fit to vent it, supposing that more now may be had for it than will be hereafter knowing that long keeping

(1) Court Book, IV, 335, April 27, 1619.

will not advance the commodity...because by holding it may be a means to draw others to bring from Turkey and perhaps the Flemings from Surat."(1) Others, however, resolutely opposed any reduction in price which they held would prejudice the Joint-Stock and would be to the "wrong and hindrance of such as have a great quantity of indigo in their hands."(2) They even advocated awaiting the arrival of the current year's shipping before deciding on a price. But the latter counsel was unheeded, since the General Court had clearly taken fright at the sharp fall in the price, which was probably due to the large supplies which had arrived in the previous year. The Company did not get more than 5s 4d for the rich or Biana indigo in the auction sales, and the Sarkhej fetched only 4s 6 $\frac{3}{4}$ d lb. A small quantity of the Coromandel variety was sold at 2s 8 $\frac{1}{2}$ d only. There were only two ostensible buyers: Abraham Chamberlain and Henry Garraway, who were both prominent Levant merchants. As the quantities purchased by them were very large, it is possible that they were acting for syndicates. The former altogether bought 668 barrels (172,000 lb), of which 156 were Coromandel indigo and 512 Biana. Garraway took the whole lot of Sarkhej indigo, some 512 barrels estimated at 132,000 lb. With the total quantities sold at well over 300,000 lb, the indigo imports showed an increase of over one-sixth to the

(1) Court Book, IV, 343, May 4, 1619,

(2) Court Book, IV, 335, April 27, 1619.

amount auctioned in 1618.(1)

The sudden drop in the price of indigo perturbed the directors of the East India Company. In the autumn of 1619 when the Court of Committees held a series of meetings to settle the future of the Surat trade and to discuss the profitability of the each of the Indian imports (2), it was alleged that "the great quantities of indigo brought higher and sold at such mean rates, hath done the commodity in its true worth a great deal of wrong." Yet, the Court considered it essential to continue its importation knowing that "it is well requested in the Red Sea and all other parts of the world (except the Southwards)." In order to make indigo profitaple it was held to be necessary to apply some control over the supplies, apart from regulated sales, and prevent the bringing over of too much.(3) As we have already seen, the Company had contemplated a reduction in the supplies in 1618, but from henceforth the Company deliberately sought to keep up the price by imposing a restraint on the quantities which were to be imported in any particular year.

It was this desire on the part of the directors to uphold the price that was partly responsible for the great confusion that followed in the sale of the Company's indigo in 1620. On February 4th, when one of the auditors proposed that part of

(1) Court Book, IV, 344, May 4, 1619.

(2) see Chapter II. P.54

(3) Court Book, IV, 441, November 2, 1619.

the dividend might be taken out in indigo, the suggestion was 'utterly disliked' and violently opposed on the ground that a division of the commodity into many men's hands would abase the price and 'engender the utter overthrow of the commodity which otherwise in his due time will bring his due profit.' Unlike pepper, which could be sold at all times, indigo was marketable neither in all places nor at all times of the years; furthermore, as it was the fundamental and staple commodity of the trade of Surat, it was only right that the price of it should be kept up.(1) Eventually, the price was fixed rather high. But two months later it was complained that not even one-sixth of the total stock had been sold, because of the high price, and there was much discussion on the choice of the markets where the indigo should be sold. Some held that England was the best market for flat or Sarkhej indigo, others again pointed out that 'the country was over-charged and the clothiers full.' As to the question of lowering the price, the directors decided to leave it to the discretion of the General Court which they held would give them best satisfaction "for that whatever the price and course be thought of by the Committees, the Generality will be jealous thereof and suspect they have some sinister end therein". The General Court resolved to divide the indigo in spite of the Governor's advice against such a course, and the price of both flat and rich indigo was fixed at 6s per lb.(2)

(1) Court Book, IV, 511-12, February 4, 1620.

(2) Court Book, IV, 554, March 27, 1620, March 28, 1620.

However, a week later it was reduced to 4s 10d and 5s 6d respectively, though the order for the division was left unaltered.(1) At these rates the price was slightly better than that of the previous year, but it should be remembered that these were only dividend prices and it remains uncertain what the final price would have been had the indigo been sold in the open market. For the first time the directors' policy of selling in gross at a high price was overridden by the General Court, and the whole incident was more characteristic of the pepper sales than of the Indian imports, the pricing and the method of marketing of which were generally left in the hands of the Court of Committees. It is not quite clear what were the precise factors that caused this sudden conflict. One conceivable explanation was that the general members who were always pressing for a quick turnover of their invested capital were getting impatient with a policy that entailed the locking up of a substantial part of the Company's assets for uncertain periods. If this was true, then it can be said that the lesson of the rebellion on the part of the General Court was not lost on the directors. For from now on the directors were inclined to be more flexible in their approach to the question of marketing, and allowed the members occasionally to take out part of a dividend in indigo.

The quantities which the Company sold in 1620 are not

(1) Court Book, IV, 556, April 4, 1620.

mentioned in the Court Minutes, and owing to the gap in the records the details of the next year's sales also remain unknown. There may have been a temporary reduction in the supplies.(1) In 1619, the Royal Anne which had returned home with a consignment of indigo estimated at about 150,000 lb.(2) had sunk in the Thames during a storm and it is a matter of speculation how much of her cargo was eventually recovered.(3) Again, in February 1620, Kerridge and his council wrote to the Company from Surat that they would send only 1,000 or 1,200 bales annually.(4) When the Court Minutes again pick up the thread of the Company's official proceedings, we find that a general improvement had taken place in the price of indigo. Early in 1622, it was observed that the flat indigo was selling fast 'being more in use than the rich', and when one Cartwright and partners requested to buy all the Company's flat indigo, some 350 barrels, they were asked to take 500 barrels of rich as well. In the end, the Court decided not to sell their indigo to this particular syndicate and to raise the price of flat indigo to 5s 4d per pound, though keeping that of the rich at the old rate of 5s 8d.(5) For the next six months indigo was sold intermittently. By April, the price had risen to 5s 6d for flat and 6s for rich, and in July Henry Garraway, who was one of members of the Court of Committees, proposed

(1) In October 1620, Factors bought 1,200 churls. Factory Records Miscellaneous, I, 70.

(2) cf. BM Egerton MSS 2122, fol.55.

(3) Court Book, IV, 545, March 27, 1620.

(4) Factory Records Miscellaneous, I, 26, February, 18, 1620

(5) Court Book, V, 317, January 30, 1622.

that the latter should be raised to 7s per pound, since there was reported to be only 400 barrels' supply left in the town.(1) When some one objected that the higher price would affect the sale, it was replied that it would be taken out of sheer necessity.

The upward trend in the price persisted for a year. In July, 1623, the Company refused an offer of 4s 8d per lb for the whole stock of its flat indigo, and furthermore talked of raising the price already fixed, as it was considered that the "proportion is not so great but that the present market will carry it this being the season of the year for the dyeing of all the wools which will take up a great quantity."(2) But the arrival of the Surat fleet in the same month with indigo invoiced at over 400,000 lb depressed the market.(3) Henceforth there was a steady decline in the price of flat indigo, though that of the rich showed much greater resilience and indeed, rose erratically in the last decade of our period. In 1623, the proportion of the latter was small enough for the price to remain over 6s, and in September when Alderman Hodges and his partners offered to buy the rich indigo, the Company asked for 6s 8d lb, anticipating a further increase in the price which was said to be already higher than for many years in the Baltic and East European countries.(4)

(1) Court Book, V, 473, July 2, 1622,

(2) Court Book, VI 14, 17, July 9, 11, 1623.

(3) Factory Records Miscellaneous, I, 112, November, 7, 1621.

(4) Court Book, VI, 101, September 3, 1623.

By comparison the Sarkhej indigo which formed the bulk of this year's imports had fallen on hard days. There appeared to be little demand, and in November, though the season was unsuitable, the Company was driven by its financial exigencies to consider drastic measures for its disposal. In the long debate which followed some wished to hold up the price but allow three year' time for discounting; others again were of opinion that if the Company reduced the price to 3s 4d or even 3s, a great quantity would be sold at once and ' the Company would gain great reputation for it, in addition to Trade.' Both the suggestions were rejected for fear that such a step would discredit the commodity, and eventually a small standing committee was appointed to which the buyers could resort and it was left to the discretion of this committee to vary the price.(1)

Great emphasis was put on the exportation of indigo and on protecting the home market from a glut. In august, the Company had allowed some members to take out parts of a dividend in indigo to be shipped to the Levant but on condition that the exporters later produced certificates from the ports where the indigo was sent authenticating its disembarkation.(2) The fear which lay behind this measure was expressed very clearly in the answer to a tentative proposal for a division in indigo exclusively for export which it was held was too dangerous "lest it might be shipped into Holland and from thence be

(1) Court Book, VI, 231-32, November 7, 1623.

(2) Court Book, VI, 50, August 4, 1623.

shipped back again and sold here, especially if the farmers of his Majesty's Customs should wink at it and ease it in the customs."(1) In order to encourage the members of the Levant Company to export indigo the price to them was specially reduced to 3s 9d.(2)

Since the imports for 1623 were sold the same year, there were no major indigo sales in 1624. From 1625, the Company reverted to the established practice of selling indigo in bulk at regulated intervals, and the indigo imports reached their peak during the next four years, years which with the decline of the pepper trade proved a period of striking growth for the Company's Indian imports. The disadvantage of selling indigo out of the season had gone home during the previous year, and when the Court of Committees met to discuss the policy for disposing off their stocks in January, 1625, it was firmly pointed out that the sale of indigo should be postponed 'till the season proper' when 'it will sell well enough'.(3) In March, negotiations were begun with the Levant Company to settle the quantity which they wanted for exporting to the Mediterranean, and 400 barrels were sold to the Governor, Morris Abbot, and Anthony Abdy on their behalf at 3s 4d per lb. The Company undertook not to sell any for shipment to the Levant before the end of summer.(4) A few days after this bargain was completed, another 600 barrels were sold to Nicholas Crispe at

(1) Court Book, 83, August 23, 1623.

(2) Court Book, VI, 282, November 26, 1623.

(3) Court Book, VII, 315, January 24, 1625.

(4) Court Book, VII, 369-70, March 11, 1625.

4s 2d for the domestic market on similar conditions.(1)

By 1626, the re-exports of indigo was in full swing. In January, 50 barrels were ordered to be sent to the Company's agent at Amsterdam, and later arrangements were made for keeping a certain quantities ready garbled for weekly shipment to Holland.(2) Henry Garraway bought 1,000 barrels in February for exporting to the Levant at 3s 2d per lb and he was also given the exclusive right to send indigo to this area for 12 months.(3) For home consumption 540 barrels were sold to the City Crocers, to Wright and Co., and to Nicholas Crispe at 4s.(4) With the increase in the quantities imported and the growth of the export trade, the Company began to differentiate between the prices at which indigo was to be sold at home and abroad. In 1627, the export price for Amsterdam, France, and other parts of Europe was set at 3s 8d, while the price for town remained at 4s, though eventually when Nicholas Crispe offered to buy the whole stock of flat indigo (1,000 barrels) it was disposed off at 3s 6d.(5) Some rich indigo was sold this year at 6s 1d.(6) The imports for 1628 (2,100 barrels) were sold by the Governor by private contracts, and hence we do not know what the prices were.(6) But in the auction sale of February 27, 1629, 300 barrels were bought by John Langham

(1) Court Book, VII, 373, March 14, 1625.

(2) Court Book, VIII, 263, February 10, 1626, VIII, 382, April 24

(3) Court Book, VIII, 288, February 24, 1626.

(4) Court Book, VIII, 424, IX, 33, July 13, IX, 122 September 28

(5) Court Book, IX, 435, 446 February, 481, April 4, 1627.

(6) Court Book, X, 391, May 30, 1628.

for re-export at 3s 8½d per lb, Alderman Garraway bought another 400 at 3s 10d for sale in town, while 230 barrels of rich indigo was sold to the Company's old buyer Alderman Hodges and partner at 5s 9d.(1)

The increasing fluctuations which the East India Company's indigo trade in London began to betray from the early 1630's both in regard to the volume of supplies and the price were the symptoms of the violent dislocation brought about at the Indian end by the drought and famine in Gujarat. The imports for 1630 were small, and when the directors sent instructions to the Surat President for an increased supply the latter sent back an ominous report.(2) "Your commission enjoining a large investment this year in both sorts of indigo" wrote President Rastell to the Company on December 31, 1630, "is greatly crossed by the great want of rains in these parts, especially about Ahmedabad, where this year's whole crop on the ground is not likely to produce above 200 or 300 fardles, which in former times hath not been so little as 4,000 or 5,000." With the Dutch, Persian, Armenian, and the English buyers all scouring the market there was little left of past years' crops, and the pressure of demand had pushed up the price of Biana indigo. Nevertheless, Rastell promised to provide as much of the latter kind as possible in the place

(1) Court Book, XI, 334, February 27, 1629.

(2) The Company had asked for 3,00 barrels, Latter Book, I, 25, March 9, 1630.

of Sarkhej indigo.(1) It is significant that, as the scarcity forced up the price of the Sarkhej variety to the level of the more expensive Biana, the proportion of the latter imported into England increased and soon surpassed that of the other kind. William Methwold reported in 1633 from India that the coarse Sarkhej indigo was now equal in price to that of Agra and Biana.(2) In the London market itself what appears to be a slight rise in the price was due to the fact that, faced with this levelling off of prices, the directors had abandoned the practice of making a distinction between the two varieties. In 1631, for example, the indigo which arrived home in the Charles (596 churls or about 15,000 lb) was sold mixed at a flat rate of 5s per lb.(3)

There is evidence that the high price of indigo slowed down the sales. During 1631-32 the Company received only about 456 bales of Agra indigo and to off-set the small quantity the price was set at 5s 10d lb.(4) But it was complained

(1) Original Correspondence, XII, 1335. On October 7, 1631, another factor again sent the following account of the effect of the famine on indigo cultivation in India: "Ahmedabad, that likewise yielded 3,000 bales of indigo yearly or more, now hardly yields 300; yet a plentiful year for its growth, but few men living to gather it but lies rotting on the ground. Agra hath not been touched with famine or mortality...but that place affords little to satisfy so many buyers especially the Dutch and English towards the lading of our ships." Original Correspondence, XIII, 1388.

(2) Factory Record Surat, I, 233, November 12, 1633.

(3) Court Book, XII, 244, May 13, 1631, Marine Rec.Misc.IV.14.

(4) The Factors had deliberately sent a small quantity, partly to dispeed the loading of the ships and partly to enhance the price at home to make up for the high cost in India. O.C.XII.1335.

in August, 1632 that at this price the indigo had remained unsold for six months, though the Court resolved to keep it a little longer rather than lower the price.(1) Early in 1633, when the Court met to consider the ways of disposing off 280 barrels valued at about £28,000 the price set was 6s 8d.(2) But this was found to be too high and the directors were also somewhat unnerved by the importation of a small quantity of Guatemala indigo from Spain this year.(3) Consequently, when the General Court assembled in May to assigne the goods brought back on the account of the First and Second Persian Voyages the price of both rich and flat indigo was reduced to 6s. The quantities received this year were very large, and 1,200 barrels were altogether put up for sale. The rich indigo alone was valued at £66,000, while the flat came to £44,000. As to the method of marketing, the General Court decided by vote to divide it, as the private offers for the indigo did not go beyond 5s 6d.(4) But the decision proved to be an ill-augured one; after the subscription books had remained open for one week it was found that only 360 barrels had been underwritten. Faced with the unwelcome choice of either losing the summer market or of lowering the price, the Court adopted the latter alternative, and the

(1) Court Book, XIII, 47, August 31, 1632, O.C.XII, 1335.

(2) Court Book, XIII, 168, January 9, 1633, 175, January 18.

(3) Court Book, XIII, 188, 176, 224.

(4) Court Book, XIII, 277, May 15, 1633.

stocks remaining on the hands of the Company were sold to Nicholas Crispe at 5s 8d lb.(1) For the next six years Crispe and partners appeared as constant buyers of the Company's indigo. In the auction sale of 1634, however, they missed the bargain through a curious offer. The Company had set the price at 5s 6d and Crispe and his rival in the trade John Langham appeared as interested buyers for the whold parcel. As the Court Minutes recorded, the former requested "that indigo might be sold by the candle and made offer of 5s 4d for the flat and 6s for the rich and to give over and above that price £500 in money, none to bid less than a farthing." The novelty of the offer completely captured the Court, but when a candle was set up and the bidding began Crispe eventually lost it to Langham.(2) In 1635, he was more successful and bought 300 barrels of Agra indigo at 5s 7d and again 200 barrels in 1637.(3)

By this time, however, the indigo trade from India had passed its peak. As the economic life in Western India returned to normal the prices began to decline, and in 1638 the Company ordered only 600 churls.(4) The shift in emphasis can be seen in the imports for 1639 and 1640 which amounted

(1) Court Book, XIII, 289-91, May 24, 1633.

(2) Court Book, XV, 70-72, October 17, 1634, In 1635 Langham exported 330 barrels of indigo to the Levant, S.P. Foreign 105, vol.158.

(3) Court Book, XVI, 47 fol. September 25, 1635, 292, March 27, 1637.

(4) Letter Book, I, 142, March 16, 1638. Until the end of our period the price seem to have remained fixed at 5s 7d. cf. Court Book XVII, 26.

to 1,480 cwt and 1,000 cwt respectively.(1) From the middle of the next decade the decline became marked and rapid, as the Company sent definite instructions to the Surat President and Council to start curtailing the total investment on indigo in view of the large quantities which were now being imported from the West Indies of a better quality than that from the East.(2)

Of the East India Company's other commodity imports, sugar and saltpetre alone were of any importance, and even these, compared with indigo and calicoes, were of little financial significance as their importation remained irregular over the whole period. There was a spasmodic demand for the white refined sugar from India in the London market, though the quantities ordered by the Company varied according to the state of the supplies from alternative sources. In 1610, some twenty chests of the best kind were ordered for a trial, and five years later the factors were asked to send sugar in order to save empty shipping space.(3) But in 1619 its import was prohibited for a time. Again, towards the end of our period, finding that sugar had fallen in price the directors absolutely forbade any further importation.(4) As the total volume was very small the marketing of sugar presented little

(1) Original Correspondence, XVII, 1656, 1725.

(2) Court Book, XIX, 353, October 24, 1645.

(3) The First Letter Book of the East India Company, p.338, Court Book, III, 480-, September 22, 1615.

(4) Court Book, XVII, 24, August 16, 1639.

problem. Sometimes it was sold by private agreement to the City Grocers, as for example, in 1624 when Wright and Company bought 5 cwt. at £4 12s per hundred.(1) But in general it was sold in the auction sales. The prices also showed little fluctuations. In 1635, 160 bales were auctioned at £5 10s per hundred, but this was an exception and by 1640 the price again fell to £3 10s.(2)

If the imports of Indian sugar continued intermittently in the first half of the seventeenth century, that of saltpetre did not begin until 1626 when for the first time a supply reached England.(3) But unlike sugar, when once established the saltpetre trade displayed a consistent growth, though the real expansion did not come till after the Civil War. In the early '20's the shortage of saltpetre in England and the increasing difficulty in obtaining supplies of gunpowder had turned the attention of the Company to the possibility of importing this chemical from India. In 1624, the Commissioners of the Navy had reminded the Company of the Dutch practice of fetching saltpetre from the Coromandel coast, and the Court once more considering the issue and 'finding it will be an acceptable service to the State' agreed to a proposal for lading a whole ship with this commodity from the East coast

(1) Court Book, VII, 157, October 8, 1624.

(2) Court Book, XVI, 271, February 22, 1637, XVII, 259, August 12, 1640.

(3) Court Book, IX, 321, January 5, 1627.

of India.(1) This ambitious plan, however, merely proved to be a display of well-meant intentions and the volume of saltpetre imports for a long time remained modest.(2) In 1631, the supplies brought home in the Charles were invoiced at no more than 700 churls and in the '30's the annual imports on an average came to about 200 tons.(3) Some of these were re-exported to the Continent, mainly to Amsterdam, but after 1635 when the Government prohibited all private manufacture of gunpowder and declared it a royal monopoly, the Company undertook to sell all its stock of saltpetre to the King, as it arrived from the Indies, at a price of £4 per cwt.(4) The undeveloped state of the market at home and the official restrictions upon its free export and import, both in India and Europe, due to its being a strategic raw material for warfare, explains why the Company's interest in this commodity did not stretch beyond what was considered an essential obligation to national needs.(5) Commercially, as long as indigo was found to be profitable, saltpetre only ranked as an article of secondary importance.

(1) Court Book, VI, 421, February 20, 1624.

(2) In 1630, the Company asked for 25 tons of refined saltpetre to be sent in every ship. Letter Book, I, 25.

(3) Marine Records Miscellaneous, IV, 14, Court Book, XV, 221.

(4) Court Book, XIII, 152, December 14, 1632; 223, March 8, 1633; XVI, 9, July 17, 1635; 51, October 7, 1635.

(5) For prohibition of exports from India see Factory Records Surat, cii, 580, O.C., XII, 1292, April 24, 1629. In 1635, the Company had to seek special permission from the Privy Council for exporting 50 tons of unrefined saltpetre. Court Book, XV, 221, April 29, 1635.

Section 2. Textiles.

The foregoing survey of the East India Company's imports has hitherto been mainly concerned with commodities that were largely agricultural products. If we now turn our attention to an examination of the single manufactured article on the Company's import list, namely the textiles from India, it will become apparent that the Company's trade in Indian cotton and other textiles in the European markets during the first half of the seventeenth century had both a different and smoother history, as it appeared to have been less subject to the disturbing effects of price fluctuations than was the case with its commodity imports. At the same time it is not one which lends itself to easy analysis. It is, for example, extremely difficult to build up a coherent history of the prices over the whole period, which could be used as a guiding standard. Calico was manufactured in India at this time at the level of a cottage industry and the technique of weaving varied from one place to another. As the Company tapped practically all the major centres of weaving for its supplies, the textiles which were sold by the Company in London were composed of a wide range of varieties which differed from one another in size, quality,

texture, and colour. This multiplicity of types was naturally reflected in an equally wide range of prices. Consequently, it is not very easy to estimate what effect the movement of prices had on sales, since the same type of cloth could display a wide variation in price from year to year or even within one particular year. On the whole, the sales seem to have been little affected by the prices which the Company set on its piece-goods. While there were frequent complaints that the Company's margin of profit was affected by a rise in the cost price in India, it is significant that there is seldom any reference to a downward movement in Europe.

This leads us to believe that the chief limiting factor in our full understanding of the trends in Company's calico imports stems from a failure of the evidence available to us to answer all the relevant questions regarding the conditions which prevailed in the markets for calico. The bulk of the quantitative information on the Company's commodity and textile imports as well as that on the movement of prices and the state of the markets is derived from the factors' letters from the Indies and the Company's Court Minutes in London. These, however, seldom furnish us with the full knowledge of all the commercial variables at work.

In the case of commodities such as pepper, spices, indigo, or saltpetre, they are not difficult to guess since the use of these imports was strictly specified by limited industrial purposes or national food habits, which enables us to see fairly clearly the interaction of the volume of supplies, the level of prices, and the state of demand on the policy of the Company's directors. The market for calicoes, on the other hand, was much wider and their use much more elastic. It is a common knowledge that the most striking feature of the East India Company's textile trade was a boom in imports which began in the early 1620's under the stimulus of a rapid expansion in demand for calicoes in the European markets and continued, with the exception of the brief interruption caused by the Gujarat famine, vigorously into the following decades. But what were the precise underlying factors in the growth of activity in the textile imports, which as we know took place in an entirely new market? It could have been due to a change in consumer taste, or to the greater competitive powers of the Indian cotton in prices in comparison with the traditional fabrics manufactured in Europe. Again, we do not know to what extent the English Company succeeded in capturing the markets which existed in North Africa and the Levant where the finer varieties of

Indian cloths were prized as articles of clothing, and what was the proportion of the re-exports which went to these areas as opposed to those which went to the European countries. We hope enough has been said to indicate the general difficulties which stand in the way of attempting to explain the commercial trends in a particular branch of trade in the early seventeenth century. From the incidental references in the Company's records we do know that all the above mentioned factors were working towards the expansion of the textile imports, but the final answer to these questions for the present must remain speculative.

In an earlier chapter we have seen that the East India Company began to display an interest in the Indian cotton trade early in its history for the purpose of bartering the piece-goods in the Indonesian archipelago for pepper and spices. The growth of the direct trade in cotton cloth between Europe and India was essentially a by-product of this earlier and more urgent necessity, which led Hendrik Brouwer, the future Governor General of the Dutch East India Company, to describe in 1612 the coast of Coromandel as the left arm of the Moluccas, since the East coast of India served as the principal supplier of the latter's clothing

needs. (1) That the English Company also awarded due priority to this necessity is clear from the commissions issued to the commanders and factors of the early Voyages. (2) In fact, before the English trade at Surat had become properly organised, the Company was even prepared to re-export calicoes from London for its inter-port trade in the East Indies. In February, 1607, when an adventurer in one of the previous Voyages offered to sell to the Company 900 pieces of blue calicoes at 11s.6d per piece, his offer was accepted with alacrity as these were considered 'very fit commodities for the Moluccas'. (3) It is not certain what were the exact sources for these calicoes; nor is it very clear why the Company should have decided to adopt this extraordinary course when the necessary supplies could have been purchased in Asia at one-third of the price which it was preparing to pay. Before 1608, the Company's factors normally bought the calicoes needed for their South Sea trade either at Bantan or Atcheh from the local Indian merchants, and it is indeed probable that these were the remnants of

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- (1) cf. quotation in H. Terpstra, De vestiging der Nederlanders aan de kust van Koromandel, p.1.
 (2) For the details see Chapter II, p.
 (3) Court Book, II, 27, February 3, 1607.

what had been brought home in the ships of the Second Voyage. Two years later, in December 1609, Richard Morehow, the purser of the Dragon which had returned in September, reported to the Court of Committees that they had bought 'book calicoes' from a junk near the island of Socotra in the Red Sea at a price of 4s. per piece and re-sold them at Priamon at three or four times the original price. Some of these were also brought back to England, for they were said to be selling in London at 12s. per piece. (1)

It was not until 1613 that calico appears as a regular item in the Company's court of sales, and even then the total quantities imported remained modest for at least the next two years. The Company was clearly testing the demand cautiously before instructing the factors to increase the supplies for England. In 1609, Finch had sent a list of the types of cloth available in Western India suitable for the European or the Levantine markets, advising that the fine white fabrics known as 'serribaf' and the pintadoes (or painted calicoes) of Gujarat would yield most profit. The former could be exported to the Barbary states or the Levant as the Moors made their 'Cabayas' from this cloth while the latter might prove useful at home for making fine quilts and

(1) Court Book, II, 316, December 7, 1609. The term 'book calico' was derived from the way certain fine muslin was folded in India. One 'book' contained about 14 yards. Finch, Early Travels, p.175.

also serve as hangings. (1) In the commission given to Sir Henry Middleton in 1610 the Company on its part had asked for a good quantity of 'white tasselled book calicoes', some of the coarser sorts of cloth, and turban pieces known as sashes. But the total investment in cotton goods was not to exceed 3,000 rials of eight. (2)

In the auction sale of December 20, 1613, the number of calicoes sold by the Company came to just over 5,000 pieces. (3) By 1614, however, the Company had resolved to order greater quantities; for in the autumn of this year the factors at Surat were planning to buy 12,500 pieces altogether and invest some £2,800 in calicoes, and even this quantity fell short of what the Company had expected them to buy (4) Thereafter the expansion in the imports of calicoes was rapid. In 1619, over 26,000 pieces were sold in the auction sales while the shipment in the Royal Anne alone was more than 14,000 pieces (5) In February 1620, the factors promised to provide 30,000 pieces and the total number sent home this year came to nearly 100,000 pieces. (6)

(1) Letters Received, I, p.28, August, 1609.

(2) The First Letter Book, p.337.

(3) Court Book, III, xvi-xviii.

(4) Letters Received, II, 135, November, 14, 1614.

(5) Court Book, IV, 313-14, March 12; 1619; 320, March 19, 425, October 13; 434, October 23; 442, November 2; 459, November 26. Egerton MS 2122, fol. 55.

(6) Factory Records Miscellaneous, I, 26, 70, October 18, 1620.

In 1621, the exports from India had increased to 123,000 pieces, and by 1625 reached 221,500 pieces.(1) Three years later the shipments were over 900 bales, and in 1630, on the eve of the Gujarat famine, the directors ordered some 120,000 pieces. To this the President of the Surat factory decided to add another 30,000 since the scarcity of Sarkhej indigo made it necessary to reduce investments under that head. (2) Between 1632 and 1638 the imports of calicoes fell heavily. But in the closing years of our period these once again began to show signs of revival, though the total figure at 66,000 peices for 1639 was well below the average of the 1620's (3)

It will be seen that the expansion which took place in the cotton trade between 1613 and 1630 was really remarkable, though the rate of growth was not uniform. Taking the length of average pieces at about 10 yards, the imports for the peak years varied between 1 million and over 2 million yards. It would have been truly impressive if the whole of this quantity had been meant for the home markets, but it is clear that a substantial part of it was re-exported. In 1615, Ralphe Preston, who appears to have possessed some knowledge of

(1) Ibid, I, 112, November 7, 1621, Factory Records Surat, I, 100.

(2) Original Correspondence, XI, 1264, January 4, 1628; Letter Book, I, 25, March 9, 1630; O.C. XII, 1335, Dec. 30, 1630.

(3) Original Correspondence, XVI, 1656.

the calico trade, wrote to the Company that some of the purchases of Thomas Aldworth were too fine for England but, he pointed out, that these would easily serve for Barbary if that region was politically quiet.(1) In London the Company's buyers during these years included both merchants and the City linen drapers, who catered for the export and the domestic market respectively. In January 1619, Nicholas Leate, one of the members of the Court of Committees who was also a prominent Levant merchant, reported to the Company after making a careful study of the sales possibilities of calicoes in England, that a whole ship's lading could be vented annually here 'for that they are likely to be of great use here in the land, instead of linen'. For skilful buying of calicoes in India he advised the Company to employ linen drapers as factors and held out hopes that if the Company gave 'good directions for making and sortes, by lengths and breadths' there was a good chance of making a net profit of 2 for 1. (2) It is obvious that the East India Company had found a ready market for Indian textiles both at home and abroad, though the peculiarities of consumer tastes called for an adjustment of the types

(1) Letters Received, II, p.259, January 1, 1615.

(2) Court Book, IV, 291, January 29, 1619.

imported. There is evidence that the directors were sending instructions to the factors to try and persuade the Indian weavers to manufacture cloth in dimensions more suitable for the European markets. As early as 1617, Francis Fettiplace and Robert Hughes informed the Company that it would be impossible to provide calicoes two yards broad from Agra because the latter was not a centre of cloth weaving and that 'all which is sold here is brought from far, where they will be loth to make of any save their ordinary and accustomed sorts and sizes, except they were sure of more buyers of them than ourselves,' adding 'these people do strangely tie themselves to their customs in such kind.' (1) Again, three years later Merridge commented in despair that 'they cannot procure weavers to make other works or better woven than accustomed.' (2)

The favourable market conditions clearly account for the sharp increase in the imports in 1620 and 1621. This was, however, accompanied by intermittent fear that as in the case of pepper and indigo the market might be unduly weakened if the volume of imports was allowed to increase unchecked. Opinion was expressed in 1621 that so much indigo and calico was expected from

(1) Letters Received, VI, p.250, December 20, 1617.

(2) Factory Records Miscellaneous, I, 26, February 18, 1620.

Surat this year that there would be a fearful glut unless the Turkey merchants were prepared to ship part of them to the Levant.(1) Next year even greater pressure was put on the Court of Committees to send advice to Surat for a reduction in the purchase of calicoes until further direction from London because 'the Company may by the blessing of God and do expect great quantities both calicoes and indigo home this year viz two years' return.' (2) The Directors, however, did not consider that there was any serious cause for alarm, though for safety the factors were asked to make a temporary reduction in 1624. (3) As the Indian textiles were becoming well-known in England their uses were also said to be expanding. In the General Court of August, 1622, one retailer gave example of how he had sent calicoes worth £10 into the country and was asked to send a further consignment to the value of \$200. (4) Next year, when the annual shipment arrived before the previous year's stocks had been sold, the Court of Committees assured the general members that 'the Company hath no cause to despair of the vent,

(1) Court Book, V, 141, October 19, 1621.

(2) Court Book, V, 376, March 18, 1622.

(3) Cf. Original Correspondence, X, 1180, February 14, 1625.

(4) Court Book, VI, 95, August 29, 1622.

for some strangers do already begin to desire samples to see how they will vent abroad, besides the Carrack's failing this year will create a dearth of this commodity.' Furthermore, the Court considered that since 'calicoes are a commodity whereof the use is not generally known, the vent must be forced and trial made into all parts and that now in the beginning till the commodity be known there be not too strait a hand carried either to the underwriting or the price.'(1) When the King James himself asked the Deputy Governor of the Company in an interview what markets there were for the great quantities of calicoes which came every year, he was informed that "much of it is very useful and vended in England whereby the price of Lawns, Cambricks and other linen cloth are brought down, for the rest England is now made the staple of that commodity, which having first served his Majesty's dominions the overplus is transported into foreign parts in the nature of a home bred commodity".(2)

As the demand remained buoyant in spite of the upward swing in the imports, it gradually dawned on the investors that the markets for textiles and the nature of their demand were not the same as those for the commodities. Apart from the novelty of a new consumer article, calico could be used as household line, for mural decorations, and for dress purposes. The degree

(1) Court Book, VI, 89, August, 1623.

(2) Court Book, VI, 50, August 4, 1623.

to which the calicoes were displacing the use of the traditional textile fabrics manufactured in the Netherlands and Germany remains speculative. But the application of the terminology of the European line trade to India is one indication of their growing popularity and use. (1) Consequently for the remaining years of our period we have no further instance of interference from the General Court with the volume of supplies. In 1625, the demand was reported to be so keen that the Governor informed the Court that between 100,000 and 200,000 pieces could easily have been sold had they been available. (2) Undue importance should not be attached to the exact figures, as it was merely intended to indicate in imprecise terms the improved saleability of the Indian imports. But this rise in the markets combined with the previous year's restriction no doubt accounted for the unparalleled expansion in the quantities ordered for this year.

Unlike pepper and spices, the domestic consumption of calicoes appears to have been fairly high. In 1628, the Court of Committees rejected a proposal for taking out calicoes as dividends, because, as there was a great scarcity in the country and the prices were high, it was considered better to sell them directly into the markets.(3)

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- (1) The type of calicoes which compared in quality to the Belgian linen was called 'calico lawns' while another variety was termed 'hollands', Court Book, IX, 503.
 (2) Court Book, VII, 398, March 30, 1625.
 (3) Court Book, XI, 177, October 31, 1628.

On another occasion the Company reserved 30,000 blue and brown 'dutties' specially for town as these were not 'vendible abroad'. (1) As we shall see when we examine the technique of marketing, the domestic market needed some watching, but it is also fairly evident that the Company's calico trade in England was not as vulnerable to the unstable movements of prices as that of pepper or indigo. The export markets, on the other hand, were always rather specialised. It is interesting to speculate whether there was already a wide use of the Indian cotton as dress-goods on the Continent, (2) but there is no doubt that this was so in North Africa and the Middle East, and it was in this field that the Company considered that limitless expansion was possible in its cotton trade. For example, in April, 1630, President Richard Wylde wrote to the directors agreeing with them that a larger quantity of the fine Muslin turban-cloths known as the 'sallooes' and 'guldares' and used in the Arab countries should be sent than hitherto, but typically he added that the other sorts would probably sell well in Turkey and Poland as wars in Persia and the Red Sea had interrupted the overland caravans for the time being.(3)

(1) Court Book, XI, 308, February 16, 1629.

(2) In 1619, Christopher Clitherow, who was an Eastland merchant, informed the Court that in Poland a kind of calico is worn by the ladies round their neck, and the Company considered sending for some patterns. Court Book, IV.291, January 29.

(3) Original Correspondence, XII, 1306, April 13, 1630.

Thomas Rastell, who became President of the Surat factory later in the year, showed a more active interest in developing the cotton trade to the Middle East. Observing that "the calico lawnes or shashes... are the chiefest commodities wherein the Persians and Armenians who take yearly passage on your ships do invest great sums of money here in India" he concluded "we see no reason why there should not be a diversion of this great traffic (thus expensive by land) by your less chargeable conveyance by sea (at least for a good part thereof) as hath been brought to pass already for those great quantities of indigo and calicoes wherewith you now daily furnish those foreign parts yourselves, which in the selfsame kind by land hath been formerly performed by others" (1)

These ambitious plans, however, were brought to a halt in the early 1630(s by the Gujarat Famine. The effects of this disaster on the Company's indigo and calico trade were not coincident. The failure of the rains at once affected the cultivation of indigo, but the manufacture of calicoes did not begin to show signs of serious depression until the failure of the harvests and the scarcity of grains and foodstuffs had worked their effects upon the cotton industry through large-scale mortality or migration of the

(1) Original Correspondence, XII, 1335, December 31, 1630.

weavers and clothworkers from Western India. In December, 1630, calicoes were said to be cheaper than usual. (1) But by 1632, President Hopkinson and his Council at Surat was entreating the factors in Persia to exercise their utmost diligence in procuring silk as this and the Agra indigo were the only two commodities left for lading the Company's ships; linen was 50 per cent dearer than usual and scarcely to be had, 'being deprived of weavers, washers, dyers, spinsters, packers, husbandmen, and all manner of handicraftsmen' (2) The shipment for 1633 only consisted of 100 bales of 'old store'. (3) and in September the directors began to consider importing cotton from the Coromandel coast where, it was reported, great quantities could be bought and the weavers would be prepared to make cloths of any lengths and breadths desired by a minor alteration of their looms. (4) Next year, Methwold himself informed the Company that there was no likelihood or expectation of trade at Surat for four or five years and that 'the place where the Company is to be supplied with calicoes in the interim must be Masulipatam.'

(1) Ibid.

(2) Original Correspondence, XIII, 1416, January 23, 1632.

(3) Original Correspondence, XIV, January 4, 1633, one bale contained about 100 pieces, Court Book, VIII, 105, July 15, 1625.

(4) Court Book, XIV, fol. 37, September 11, 1633.

One John Morris who had recently returned home in the Mary was sent for by the directors on the receipt of ~~this~~ letter and he too confirmed Hethwold's opinion, though when the former naturally enquired why no cloth had in the past been sent from the east coast he was compelled to admit that 'those kind of cloths were more proper for the Southwards... and when Surat did abound with calicoes they were 20 per cent cheaper bought at Surat than at Masulipatam.' (1)

The factors on the Coromandel coast, however, proved inefficient to the extreme, so that in 1636 the directors were complaining that out of a total stock of £108,000 sent to the east coast factories the Company had ordered £32,500 to be invested in calicoes for England but all that had been received was a parcel in the Mary invoiced at £1,269. Had the calicoes been supplied as ordered 'they would have found quick markets and turned well to account'. More serious still the decline in the supplies was leading to a drastic shrinkage in the markets built up over the years in Europe. It was causing the linen drapers here 'to find out other sorts of cloth to supply the wants of their accustomed sorts of calicoes.' (2)

(1) Court Book, XV, 50, September 24, 1634

(2) Letter Book, I, 127, October 27, 1636, Company's letter the Agent and Factors at Masulipatam.

The degree to which the sales were affected by the high prices and the declining quality of calicoes can be measured from the following account sent in 1638 to the President and Council at Surat from London. "Calicoes in general (howsoever by several names distinguished) were in times past", wrote the directors, "a main support of that India trade, and were here in good use and well requested and been sold to some profit while their making was answerable to their first cost; but, since they have declined in goodness from their former manufacture and increased so much in their prices, they are now become here at a stand in their use, and other country's clothing being better made and cheaper succeeded in calicoes" room."(1) From India President Fremlin acknowledged the justice of the Company's strictures about the badness of the cotton goods hitherto sent home, but at the same time he held out hopes that a steady improvement was taking place both in the quality of weaving and finishing of cloth.(2)

We have so far confined ourselves to a general description of the trends in East India Company's imports of piece-goods from India. It is not intended here to

(1) Letter Book, I, 142, March 16, 1638.

(2) Original Correspondence, XVII, 1656, January 4, 1639, 1725, December, 1639.

give a detailed account of the various types of calicoes sold by the Company in London since this has already been done competently elsewhere (1), but before we turn our attention to the history of the Company's marketing arrangements for this commodity, it may be useful to make some brief remarks in this direction. An analysis of the Company's courts of sale reveals that the Company handled four main types of Indian textiles. These were, first, the plain white calicoes, secondly, the single-coloured pieces, thirdly, the striped and chintz stuff, and finally, the pintadoes or painted cloth. In addition, there was another category of miscellaneous goods consisting of coverlets, quilts, velvets, damasks, taffetas from Persia, and pile carpets. These last were sold in any substantial quantities only between 1614 and 1620, a period when the Company's trade in cotton piece-goods proper was still being tried out. Thereafter their importation seems to have been gradually discontinued. In the auction sales of 1614 the price of velvets, coverlets or bedspreads varied between £20. 10s. and £52, which was paid for a piece described as 'very fair'. Quilts embroidered on calico sold from £6 to £30, while taffetas and damasks

(1) cf. J. Irwin, "Indian textile trade in the 17th century", Journal of Indian Textile History, I(1955) 5, II (1956) 24.

were priced between 19s. to £4. (1) The pile carpet was at first imported from India but as the quality and the size were found unsatisfactory and not comparable to the Persian manufacture and the price was also somewhat high (ranging from £2. 11s. to £30 according to the size) it was eventually decided to import carpets from Persia only. (2)

Of the piece-goods the proportion of the plain white variety was overwhelmingly larger than the other kinds. These were again subdivided into further types according to the quality and the place of manufacture, the principal varieties being known as baftas broad and narrow, semianoes, ambertee calicoes, deriabads, and echbaries. (3) The factors, however, found it easiest to provide the bulk of the consignment of white cloth in baftas which were of local Gujarati manufacture and could thus be purchased in the neighbouring town of Broach and also at Ahmedabad and despatched to Surat for shipment without involving the Company in undue

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- (1) Court Book, III, 151, July 8, 1614; 326, December 30; 164, July 13; 392, March 17, 1615.
 - (2) Court Book, IV, 39, October 14, 1617; 307, March 5, 1619; 320, March 19, 1619. The Company did not appear to have received substantial quantities of carpets from Persia.
 - (3) For the identification of place-names after which these were described, see Irwin op.cit., and Sir William Foster, The English Factories in India, 1618-21, Introduction, xxi-xxv.

expenses for transport. (1) In size, they normally measured 14 yards by 1 or $\frac{3}{4}$ yard. The finer sorts were re-exported to the Middle East but the thicker and stronger ones sold in the European markets as table linen, bed-furnishings, napkins, and towels. The rate at which both the absolute and relative levels of the imports of baftas increased during the two decades after the inception of Surat trade can best be seen by examining the composition of some of the calico orders placed by the Company with the factors in India between 1614 and 1630. In 1614, out of some 12,500 pieces, the baftas numbered 6,000, the white semianoes 4,000, coloured ones 1,000, chintzes 1,000, and shashed 425. By 1621, the number of baftas had increased to 98,000, while of the other varieties there were 4,000 semianoes, 5,000 nicanees, and 16,000 dutties. The orders for 1625 included 154,000 baftas, 4,000 semianoes, calico lawnes 4,000, nicanees 5,000, seriahs 4,000, watcheds 500 and dutties 50,000. To give one final example, the Charles brought home in 1631, 400 bales of 'cloths stuffs broad and narrow baftas', 7 bales of sursellaes, 14 of guldars, 2 ornes, 1 neckcloth and 1 bale of Persian taffetas.(2)

(1) cf. Pelsaert, Remonstrantie.

(2) Letters Received, II, 135; F.R.Misc., I, 112; F.R.Surat, I, 100; Marine Rec.Misc., IV, 14; By the 1630's the Company clearly preferred to receive large quantities of a few standard types of cloth. In 1638, for example, the directors complained that the "multiplicity of sorts...makes the commodity like a pedler's pack not fit for a merchant's foreign export but for a town retail trade". Letter Book, I, 142.

The dutties were a coarse, strong calico usually dyed blue or brown and much used for packing and making sails. The chintzes, pintadoes, and striped calicoes, when imported, were used as hangings and curtains. (1) In the first half of the seventeenth century most of the East India Company's cotton cloth came from either Western or Northern India. It is true that in 1621 some 3,000 pieces of the famous longcloth of the Coromandel coast were sent to London for a trial. But as the directors appeared to have been not over-interested in this variety of calicoes, its importation was discontinued until the famine interrupted the supplies from the West Coast, and even then it was not till after 1650 that the long-cloth was imported into England in any great quantity. (2) The Guinea, the name under which the longcloth was imported by the Dutch East India Company, on the other hand, formed a most important part of the

(1) BM Egerton MSS 2122, fol. 201-203, January 20, 1620.

(2) "This sort of longcloth it seems per their advice is the best and only sorts which that place affords fitting for Europe, all other sorts being so thin, that by judgement of our friends at Surat (unto whom Mr. Methwold formerly sent patterns of diverse sorts) they are not fitting for England." President Fursland and Council's letter to the Company from Batavia, December 10, 1621. Original Correspondence, VIII, 1018. For the Company's prohibition of longcloth see O.C. 1130, December 14, 1623. In the second half of the seventeenth century Madras replaced Surat as the principal supplier of calicoes.

latter's annual shipments of cotton piece-goods from the Coromandel coast to be re-exported again to the West Indies and the slave markets of Africa. It is conceivable that one of the reasons for the English Company's lack of enthusiasm for the Guinea cloth lay in the undeveloped state of the English slave-trade to Africa in the pre-Restoration era. In the Company's records covering our period the sole reference to calicoes being sold for re-export either to Africa or the slave-plantations of West Indies comes from 1638 when the directors informed the factors that some 'Guinea stuffs' had been sold to the Guinea Company though not at very great profit. (1)

As remarked earlier in this section, the samples of calico prices between 1613 and 1640 are too diverse and erratic for us to be able to draw any rational conclusions from them. Generally the Company reckoned that in order to make a profit it had to set the sale price in London from 2 to $3\frac{1}{2}$ times the cost price, (2) at the same time ensuring that it remained well below the prices of European textiles. When the famine forced up prices in India, the dilemma which the Company had to face is shown in a striking passage in which the directors wrote to the factors, "for calico here stand

(1) Letter Book, I, 142, March 16, 1638.

(2) Court Book, VI, 99, September, 3, 1623; VIII, 161, November 16, 1625.

upon these terms, that if it may not be afforded to undersell the Germany, Scotch, and French linens, then they will not sell to any considerable quantity; and then one of the main pillars of the Surat trade is overthrown. (1) In the auction sale of 1613 the actual prices of four grades of white calicoes were 21s. 6d, 28s. 4d, 40s. 2d, and 51s. respectively, while just before the famine narrow baftas were selling in London at prices varying from 15s. to 32s. per peice. (2).

One of the advantages of studying the methods followed by the East India Company in selling a particular class of imports is that they often act as sensitive indicators of the market trends themselves. We have seen that in the case of pepper the acute conflicts which not infrequently marked the Company's sales policy reflected the disturbed and uncertain state of the market. Although the actual marketing arrangements for calicoes were more diverse than those for the indigo, the virtually complete absence of opposition from the General Court to the Court of Committees' decisions can be taken as a significant pointer to the basic stability of the markets for this commodity.

It is, however, interesting to note that as calico

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- (1) Factory Records Miscellaneous, XII, 39, November 29, 1641.
 (2) Court Book, III, xvi-xviii; XII, 257, May 18, 1631.

became better known in England the sales methods also began to display a perceptible change. The dividing line fell somewhere around in 1622. Uptil this year, calicoes were invariably sold in the Company's courts of auction, whereas after 1622 the public sales were gradually discontinued and calicoes began to be sold as dividend. What were the factors responsible for this striking switch in policy? Partly it may have been due to greater confidence on the part of the buyers and the increasing volume of imports, and partly the result of a corresponding change in the marketing of pepper. In the earlier period, the smallness of the size of parcels - the number of pieces in each one seldom exceeded 500 - which the dealers were prepared to buy individually clearly betrayed a certain cautiousness that probably sprang from the problematic nature of the consumer demand. On the Company's part the auction sales were the easiest way of testing out the state of the market which also left the responsibility of final selection with the buyers. Sometimes a buyer's inexperience could land him into trouble. In February, 1614, Humphrey Robinson who had bought some defective calicoes admitted in Court that he was merely drawn into the bargain by the excitement of bidding and that he had not bothered to view the pieces previously.(1) Again, on July 29th, Daniel Gorsuch, an

(1) Court Book, III,xvii,December,20,1613;40 February 26th. 1614.

Eastland merchant, bought 198 pieces of rolled white calicoes at 22s. 8d. per peice. A fortnight later, he complained to the Court of Committees that his parcels contained calicoes which were not the same as the pattern shown to him. Upon investigation when the Court found that the pack contained two different sorts, one fine and the other coarse, and that Gorsuch had only seen the sample of the better sort, they utterly refused to make any concessions to the bargain which, they held, 'could be no imputation unto the Company but rather his own oversight and want of judgement that would so ignorantly adventure upon a commodity of that value and nature without informing sufficiently beforehand of the goodness." (1)

The first indication of the sort of readjustments that were soon to follow comes from 1619 when the Court appointed a special committee to consider the offers of some Levant merchants and the linen drapers in town for buying the Company's calicoes. In the end, nothing came of it. Both the Turkey merchants and the linen drapers were found to be cool in their offer and the Company decided to auction its calicoes, though doubts were expressed for the first time that 'such a kind of sale must be regarded as may disperse the commodity which

(1) Court Book, III, 183, July 29, 1614, 197, August 16, 1614.

some thought would be best by merchants and chapmen alledging that combination is likely to be by the Candle to the great disadvantage of the Company'. To prevent this it was resolved to make the parcels small and to set a price below which the bidding was not to go.(1) In 1622 and 1623 the General Court granted permission to the members to take out calicoes as dividend for re-export and great quantities were sold to the linen drapers privately. (2) These were the only two years when something approaching a crisis occurred in the calico trade and the Company took precautions to prevent an overstocking of the domestic markets.(3) But by 1624 the market was again active; for in September of this year we find two syndicates each offering to buy 24,000 pieces of calicoes from the Company at '2 $\frac{3}{4}$ for 1 for their prime cost,' and later one Stroud alone bought 30,000 pieces. (4) In December, 1626, Alderman Adby who was in charge of sorting out the calicoes brought home and getting them ready for sale informed the Court that the linen drapers utterly refused to buy any calicoes if the Company sold them by candle auction because

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- (1) Court Book, IV, 424, October 8, 1619; 425, 426, Oct., 15.
 (2) Court Book, IV, 95, August 29, 1622; 192, October 17, 1623.
 (3) In 1623, to protect the linen drapers' interest permission was refused to the members to retail their calicoes in town. Court Book, VI, 208-9, October 22, 1623.
 (4) Court Book, VII, 107; September 3, 1624; 112-13, 135.

'they conceived it is much to their prejudice to have the prices so generally made known; but if the Court will contract privately with them they will take the whole complement off their hands.'(1) Although two more public sales of calico, one in 1627 and the other in 1631, were yet to take place, for the remaining years of our period the Company by and large continued the practice of either selling in bulk to the groups of City drapers or of dividing on stock for export. (2)

Section 3. Raw Silk.

Raw silk had figured as an important and coveted article of import from the very early years of the Company's trade to the Indies. (3) But it was not till the early 1620's when the trading relations with Persia were firmly established that the Company's import of silk acquired any financial significance. Raw silk was at first imported from South-East Asia whither it had found

(1) Court Book, IX, 268, December 15, 1626.

(2) On January 19, 1629, it was said that more than £40,000 worth of calicoes had been sold to the linen drapers, Court Book, XI, 263, see also *ibid*, XI, 446, June 3, 1629; XII, 184, March 2, 1631; XIII, 278, May 15, 1633; XIV, f. 42 September 18, 1633.

(3) *Supra* Chapter II, p. 57

its way from the Chinese silk markets. (1) Unlike the Dutch Company, however, which drove a most profitable and substantial trade in raw Nankin silk (2), the experience of the English East India Company with this type of silk proved unfortunate. Considerable quantities of it were brought home in 1614. In the public sale of July 29th, the Company auctioned some 3,200 cwt. of silk at prices ranging from 25s. to 27s. per lb, and the bulk of it was purchased by a French marchand, William Palmer. (3) Yet, only a year later we find the Company prohibiting the buying of all types of Chinese silk 'finding so much deceit in those commodities and so little profit by return of them' and asking the factors to invest their money in pepper. (4) As a result Chinese silk disappeared from the Company's sales list for the next half a century.

The first consignment of Persian silk - consisting of about 500 bales - reached England in the autumn of 1619, and the method of its sale at once evoked a lively controversy in the Courts of Committee's debate, the

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- (1) In March, 1607, the Company wrote to Gabriel Towerson at Bantan, "And further if the China silk are not there presently to be had, that then you advise the Chinese to bring thereof thither both white soweing silk, twisted silk of all sorts and sizes as also raw and sleave silk." First Letter Book ... p.150.
 (2) Kristof Glamann, Dutch Asiatic Trade p.113-14.
 (3) Court Book, III, 184, July 29, 1614.
 (4) Court Book, III, 479, September 15, 1615.

main point at issue being whether the sale should be private or public. Offers had been received privately from interested buyers at prices 6d. more than those prevailing on the market for the whole stock of the Company's silk, provided the details were kept secret. This attempt to corner the market did not please all the directors and it was urged that since this was the first fruit of a new trade "whereof every man is full of expectation, they conceived it would give no such satisfaction, to the Generality to sell it away privately as publicly ... although it be sold never so well ..." The majority eventually agreed with this view and it was decided to hold the sale as soon as possible because there was at present a shortage of silk in town and a ship was daily expected from Aleppo with great quantities. The price was tentatively fixed at four Nobles (26s.8d) and the silk was to be paid for over 36 months. (1)

The foregoing discussion is instructive as it shows that the market for silk like that of pepper contained elements which made it a highly unstable one. In attempting to break into the silk trade, the Company found that it was faced with problems that were largely the result of a diversification of the sources from which the silk was drawn. In addition to the supplies imported by the English and Dutch Companies, Persian silk

(1) Court Book, IV, 414, September, 23, 1619.

was reaching Europe from the Levant, being carried by the Italians and the French. Hence, the uncertainty of the quantities expected each year produced a corresponding instability of prices. Moreover, in the European markets it competed with silks of native production. If the Company could drastically reduce the cost price of silk or control the supplies large profits could no doubt be made on its importation, and in the early years of the Persian trade these two considerations remained the constant objective of the Company's policy. When Cannock wrote to the Company in 1617 holding out hopes for a complete diversion of the whole of the Persian silk trade, the directors informed Roe that they were prepared to take the 8,000 bales, which were estimated to be the annual output, but the cost price including all charges should not exceed 6s.6d. per lb. as this type of silk could not be sold over 16s. lb. in Europe. (1) We have already seen in chapter II that by 1624 the Company expressed misgivings whether the trade in Persian silk could ever be made profitable as long as the French and Italians dominated the market at Aleppo, (2) and it was the failure of the Company to dislodge the

(1) First Letter Book.... p. 457. This letter is undated.

(2) see chapter II, p. 72.

latter that explains the intermittent opposition from a section of the General Court to the continuation of the Persian trade. (1)

The type of unstable market conditions which characterised the East India Company's silk trade can best be seen by studying the movements of price. Uptil 1630 the price of Persian silk in London showed frequent and often violent fluctuations. In the summer of 1622, for example, the market was obviously high, for the price of silk was fixed at 27s. per lb. So confident was the Company of the sale of its stocks that it was decided to hold them in a 'bank' even though the Turkey Company had some silk on hand and was expecting more shortly from Aleppo. (2) But by March, 1623, the price had dropped to 22s. at which certain quantities were sold to Philip Burlamachi and partners. (3) Later in the year, when the Surat fleet arrived the price of Leges silk was said to be rising but on a rumour that the Company was about to divide its silk the price at once fell abroad. (4) In December, the Company sold 325 bales to a group of Dutch merchants at 22s. per lb.

(1) see chapter II, p.80.

(2) Court Book, V, 462, June 22, 1622.

(3) Court Book, VI, 449, March 6, 1623.

(4) Court Book, VI, 67, August 15, 1623; 87, August 27th.

But when early in the following year Burlamachi and his partner Vandeputt offered to buy the whole stock at the same price their offer was declined on the ground that the price was rising and had already risen by 25 per cent in Italy. (1) Burlamachi eventually secured his bargain by offering 23s. per lb, though before the end of the year the price had reached 26s. (2) The next three years were prosperous ones for the silk trade and the price remained at 26s - 27s. (3) In 1628, however, it fell to 25s. 8d and in 1629 to 24s. By 1628, it was back to 22s, and thereafter the silk market lapsed into an unparalleled state of depression. The margin of profit was by now so short that in 1633 a member of the Court of Committees pressed for discontinuing the Persian trade altogether and concentrating only on India.(4) In 1639 the price was no more than 18s, and two years later the Company at last felt it necessary to give order for the dissolution of the Ispahan factory, pointing out in its letter to the factors that "such have been the times of late (and are so still) that this noble and

(1) Court Book, VI, 400, February 7, 1624.

(2) Court Book, VI, 444, March 6, 1624; VII, 132, September 22.

(3) Court Book, VIII, 392, May 3, 1626; IX, 352, January 24, 1627.

(4) Court Book, XI, 173; 334, XIII, 291, May 15, 1633.

much esteemed commodity is much debased and brought down under its wonted respect; for whereas in times past we have sold our silk from 22s to 25s the pound and then gave but 40 tomands the load, now we find it to be raised to 50 tomands ... and yet it will yield here now no more than 15s. per the great pound of 24 oz. " (1)

(1) Court Book, XVIII, 83, November 20, 1639; T.R. Misc. XII, 39, November 29, 1641.

CHAPTER VI. STRUCTURE OF THE COMPANY

Section 1. The Organization.

The constitutional history of the regulated and joint-stock companies of the sixteenth and seventeenth centuries has received considerable attention from the historians of the early mercantile period, and there seems to be no need for yet further comments. The tendency, however, has been to approach the subject not in the context of specific problems of commercial organization but as an evaluation of its institutional significance or as a lesson in the discovery of those underlying economic forces which lent particular form to its development.(1) This is not surprising as the crucial evolution of mediaeval into modern industrial and trading organization is a subject by itself. But what has suffered in consequence is our knowledge of the finer details of company organization. Since one of the aims of the present work is to study the commercial methods and business-technique of a great merchant

(1) cf. W.R.Scott, The constitution and finance of English, Scottish and Irish joint-stock companies to 1720, vol.I, E.Heckscher, Mercantilism, 2 vols., and F.J.Fisher, "Commercial trends and policy in the sixteenth century," Economic History Review, X(1939-40)95.

company in the early seventeenth century, it is proposed not to attempt here a reappraisal of the familiar theoretical arguments but merely to draw attention to those features of the East India Company's constitution and organization that had the most direct relevance to its commercial activities.

In common with most of the chartered companies of the period, the East India Company possessed a constitution the form of which, as the late Professor Eli Heckscher pointed out, can be traced back to the foundation of mediaeval English trade; this outward resemblance to the past being especially strengthened by the survival of a pietistic attitude on the part of the members of the Company towards their corporate responsibilities and behaviour.⁽¹⁾ But the fact that the Company operated as a joint-stock concern, a comparatively new mercantile form, introduced several important new elements in the working of the constitution. From the beginning the questions of the actual extent of and limitations upon the powers of the various constitutional bodies within the Company commanded less importance than the overwhelming need to create an efficient and effective trading-organization. The incorporation of a group of merchants by the State with the grant of monopolistic rights merely conveyed to the former the legal powers of conducting

(1) Heckscher, op. cit., I, pp.397-98.

trade in a particular sphere of activity, and all trading companies, whether these were regulated or joint-stock, needed an institutional basis for their operations.(1)

In chapter II, we have traced the development of the East India Company's trading organization in Asia in the decades following its foundation and noted that the growth of its inter-port trade in the Indian Ocean, carried on through an integrated system of mutually dependent factories, constituted revolutionary departure from the current commercial practices. At the risk of overstating the case, it might be suggested that the activities of the Company in Asia in the first half of the century were directly responsible for the establishment of the multilateral trade triangles which characterised English commerce overseas until the beginning of the nineteenth century. At the domestic end the need to set up a central organization capable both of shaping policy and of making the day-to-day arrangements for shipping etc. was no less urgent. Here, again, though the Russia Company obviously provided a model, the Company had to face a task which was of a pioneer nature. One of the reasons for the lack of interest in a company's business-technique can be said to have been due to scanty

(1) Needless to say that this was particularly true of the long-distance companies which traded with remote areas. cf. T.S.Willan, The early history of the Russia Company, 1553-1603, p.19. In many ways, the Russia Company provided the East India Company in the seventeenth century with valuable previous experience in organizing its trade.

documentation. The records of the Russia Company were destroyed in the Great Fire of 1666; while the two other long-distance companies, the Eastland and the Levant Company, were regulated ones and consequently the actual arrangements of trade were in individual hands. But the same cannot be said of the East India Company; for the details of the Company's trading organization can be fully studied both in the Court Minutes and in its Laws or Standing Orders, though for some inexplicable reason the existence of this valuable record has hitherto escaped the attention of the historians of the Company.(1) Printed by the Company in 1621, it sets out the whole range of regulations which defined and governed the duties of the Company's executive as well as administrative functionaries. It provides us with full details of the exact duties to be carried out by the Governor, his Deputy, the Treasurer, the Secretary, the Remembrancer, the Auditors, and the Accountants. It lays down the procedures of the Court of Committees and the General Court, and specifies the responsibilities of the clerks in charge of the shipyards, of cordage, the ironworks, the slaughterhouse, the stores in London, and the timber and planks for ship-building. In short, this slim volume of some 80 pages contained the complete framework of the Company's constitution

(1) A copy of it is to be found in the Goldsmith Library of Economic Literature, University of London; British Museum also has a copy.

and organization.

The legal foundation on which the East India Company's trading organization rested was created by the royal charter of December 31, 1600, which incorporated some 219 original members under the title of "The Governor and Company of Merchants of London trading into the East Indies."⁽¹⁾ The Company was described in it as "one body Corporate and politik in deed and in name," possessing the power to purchase land, to sue and be sued, and to have a common seal. That the charter provided no more than the legal basis of the Company's trading activities can be seen from the fact that the continued legal existence of the Company depended not on the continuation of its trading capital but on the annual election of the Governor, the Court of Committees and the officials.⁽²⁾ The assumption behind the Government's action was clearly that if the State ensured the continuation of the constitutional framework vested with adequate and legitimate powers the merchants of the Company could be relied upon to organize the details of trade.

The delegation to the Governor and the Court of a wide measure of powers to regulate the internal affairs of the Company was clearly in tune with this line of

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- (1) Letters Patent, XLIII Elizabeth, Charters granted to the East India Company from 1601. The authoritative version is printed in The First Letter Book, pp.163-89.
- (2) The First Letter Book, pp.168-71. Elections were held in the first week of July.

thinking. But at least in one further direction the Government also attempted to create what was considered to be one of the essential conditions of overseas trade in the late sixteenth and early seventeenth century. This was by seeking to provide protection from too many competitors in the home market through the grant of a monopoly to the Company. Queen Elizabeth's charter secured for the Company exclusive privileges of trade with the countries beyond the Cape of Good Hope and the Strait of Magellan for fifteen years, though to avoid unnecessary political entanglements with the Spanish and Portuguese colonial governments the Company was forbidden to trade with such territories or ports as were in the actual possession of any Christian prince.⁽¹⁾ As we have seen in chapters IV and V, though the vision of a complete European monopoly might whet the ambition of the European powers trading to the Indies, such a monopoly was in reality unattainable. The English East India merchants' ardent advocacy of monopoly stemmed, however, from the limitations of their home market for Asian goods rather than from grandiose dreams of a European monopoly. They were content therefore to use for their purpose in England that Government readiness to create a whole system of monopolistic

(1) The First Letter Book, p.174. cf. The dawn of British trade to the East Indies, p.11.

companies which, as Professor Fisher has pointed out, the policy of regulating and controlling trade in the face of depression had begun to fasten upon English commerce since the 1560's.(1) The Proclamation of 1609 which prohibited the importation of pepper by any one except the East India Company represented a further attempt by the latter not only to exclude non-members from trading with the Indies but also to prevent them from any trading at all in commodities of the Indies.(2)

It was not only in the preservation of its monopoly as against fellow English subjects that the Company was dependent on Government countenance. The granting of charter rights was only one of the many facets of the Company's relations with the Government. One of the special duties of the Governor mentioned in the book of standing orders was to attend upon the King and 'the Honourable Lords of his Council,'(3) and the Court Minutes provide ample evidence of the intermittent administrative and political problems that took the Governor to Whitehall. The export of bullion required continual exemption from the restrictive laws that sought to safeguard the stock of

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- (1) F.J.Fisher, op. cit., Economic History Review, X(1939-40); cf. Glamann, Dutch Asiatic Trade, p.12,90.
 (2) Steele, Tudor and Stuart Proclamations, No.1087. See also R.W.K.Hinton, The Eastland Trade and the Common Weal, p.24-25, for a similar request for monopoly.
 (3) Laws or Standing Orders of the East India Company.

precious metals in the country.(1) As a matter of fact, no single voyage could be equipped without a separate commission from the King.(2) But above all it was the political complications such as the Anglo-Persian capture of Ormuz or the hostilities with the Dutch in the East Indies which most demanded the Government's support for the Company. In 1624, the Governor reported to the Court after a session with the King and the Privy Council over the business of Amboina that 'not his Majesty alone but also divers of the Lords showed great desire that the East India trade should be continued, insomuch as it is become a business of State.'(3)

The Company needed the continuous support of the Crown, but wished to secure it on its own terms. When the King in 1624, with characteristic Jacobean statecraft, sought an easy way out of the problems created by the "Massacre of Amboina" by offering himself to become an adventurer in the Company so that it might fly the royal flag on its ships, the Company declined the offer on the ground that "they cannot conceive how with his honour it may be done, the condition of partnership in trade being a thing too far under the dignity and majesty of a King."(4) The real

(1) See chapter III.

(2) Sir W.W.Hunter, A History of British India, vol.I,p.256.

(3) Court Book, VII, 23, July 16, 1624.

(4) Ibid; Court Book, VII, 46, July 28, 1624.

reason was of course that the Company feared that it would lose the 'free election' of its officers who would eventually tend to become nominees of the Court and that partnership with the Crown would impair private property rights. This answer of the Company and its request to the King to right them 'by the power of his arm' perhaps best illustrate the deeply conventional ideas that still determined the form of relationship between the trading companies and the Crown. The wide powers which the Crown granted to the former through its prerogative in a sense made them almost look like subordinate departments of the State but at the same time they remained 'self-interested groups with private rights.' (1) The East India Company was no exception to this. It enjoyed its special privileges by virtue of service rendered to the Crown and nation, but the conception of a State enterprise was utterly alien to the traditions of the City of London in the seventeenth century.

It has been necessary to examine briefly the main features of the East India Company's connexion with the Stuart Government as it adds to our understanding of the essential conditions under which the Company's administrative machinery functioned. The two most important components of this machinery as laid down in the Eliza-

(1) cf. Hinton, op. cit., p.164.

bethan charter were the Court of Committees composed of 24 members and the General Court, comprising all the shareholders.(1) The charter indeed does not provide any clear indications of the power and function of each of these two respective constitutional bodies. The smaller body consisting of Governor, the Deputy, and the ordinary members was certainly the main executive organ of the Company while the General Court exercised a supervisory though final control over the Court of Committees. This becomes apparent when we look at the by-laws and the actual proceedings of the two Courts as recorded in the Court Minutes. The Court of Committees initiated policy which^{was}_A either ratified or altered by the General Court. One article in the by-laws provided that the members of former "shall perform the orders of Courts for setting out of ships, selling of goods, buying of provisions, victuals, stores, and merchandise, wherein special care is to be had that no one man alone is to be entrusted with the making of those provisions but two at least appointed unto it by the Court."(2) Thus the task of the directors was not confined to making business decisions only but included specific administrative duties as well. It is possible that the term 'Court of Committees' - in

(1) The First Letter Book, pp.172,175.

(2) Laws or Standing Orders of the East India Company.

the case of regulated companies the equivalent court was known as the court of assistants - was derived from this particular aspect of its members' activities, for the twenty-four members were generally grouped into sub-committees to each of which was assigned some of the tasks connected with the preparations of the annual outward voyage. In 1626, there were no less than 15 of these 'committees' which undertook to provide the ships' provisions, cordage, masts, powder, shot, ordnance, and casks; which bought rials, cloth, and other commodities for export; kept watch over the affairs of the shipyards, hired 'mariners' and answered the factors' letters from the Indies.(1) All this work was done personally by the members of the committees despite the fact that the Company employed paid officials to conduct its routine business.(2)

The General Court seldom interfered with the day-to-day work carried out by the Court of Committees; at least not in the first half of the period. But all policy decisions regarding the number of ships to be sent out to the Indies, their destination, and the sales of the Company's imports had to be submitted for discussion to the General Court, which also elected the Governor, the Deputy, and the members of the Court of Committees.(3) Though the General Court

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- (1) Court Book, IX, 39-41, July 17, 1626.
 - (2) Laws or Standing Orders of the East India Company.
 - (3) Six members of the smaller court retired each year and were replaced by new ones elected from the General Court. The Governor and the Committees were usually voted a 'gratification' by the General Court; the amount varied between £50 and £250.

normally acted on the advice of the directors, it did occasionally overrule a particular recommendation of the Court of Committees. For example, when in the disputed pepper sale of July 9, 1624 the General Court wished to alter the price of pepper fixed by the Court of Committees, some members urged in vain that "it hath not been known that the price of a commodity set at a Court of Committees hath been altered at a General Court."(1)

The late '20's and '30's were characterised by much constitutional dispute within the Company. In 1628, one faction in the General Court led by Thomas Smethwike, demanded the use of a bollo box for the election of the Governor and the Committees as well as regular quarterly meetings of the General Court. The motion for the ballot box was rejected, Smethwike being cried down by some to be 'an unworthy member of the Company and fit to be thrust out of the Court.' But the rebellious faction succeeded in carrying a resolution which established that only those members of the Company were to be eligible for election to the Court of Committees who held stock worth £2,000.(2) Apart from causing much disturbance and turbulency on this particular occasion, Smethwike and his party remained a thorn in the flesh for the Governor and the City elements

(1) Court Book, VII, 13.

(2) Court Book, XI, 5-7, July 2, 1628.

in the Company for the rest of the period. In the following year they appeared to be strong enough to enforce both the use of the ballot box for the election of officers and the calling of Quarterly General Courts.(1) Encouraged by this victory they also began to launch a series of violent attacks on the Court of Committees over the management of trade. By 1634, the patience of the latter was exhausted, and on December 24th, it was declared forthrightly that "the liberty some of the Generality have assumed to themselves to come into the Accountants' and Auditors' offices to peruse the Company's letters and accounts, has not only been the occasion of many disputes in the General Courts and Courts of Committees, but tended to the great prejudice of the Company by divulging passages which ought to have been kept secret."(2) The Court of Committees decided that henceforth the officers were not to allow anyone to examine the accounts and papers of the Company without their previous permission. Two months later, the Court went so far as to determine to put down the Quarterly General Courts as these were considered to 'beget quarrels and debates.' Moreover, the chief cause for which they had been established, namely 'the satisfaction of divers Noblemen and Gents who are in Town only in the Term time,' had

(1) Court Book, XI, 430, May 8, 1629.

(2) Court Book, XV, 131, December 24, 1634.

been removed through the latter having sold out their holdings.(1) The General Court, however, saw to it that this re-assertion of authority by the Court of Committees did not pass unchallenged. When the validity of the latter's bold resolutions was debated 'an honourable lord' declared that the Committees had no right to issue orders to the detriment of the Generality. But several aldermen defending the conduct of the Committees pointed out that "the affairs of the Company are not governed by one or two, but according to the major part and tenor of their charter, and any one who suppose they can alter the government of the Company at their pleasure must propound their reasons to the State, which alone has the power to change the same." Finally, the Governor reassured the non-merchant shareholders that it was not intended to exclude the general members, particularly the noblemen and gentlemen, who were adventurers, from knowledge of the Company's affairs but only those who 'upon sight of accounts and letters raise dissension and debates,' pointing out that this course was much less drastic than the proceedings of the Dutch Company in which out of the 17 directors only 4 were allowed to be acquainted with business of importance.(2)

These internal quarrels were evidently perpetrated by

(1) Court Book, XV, 161, February 6, 1635.

(2) Court Book, XV, 163-72.

the suspicions which the general members harboured towards the management at a time when trade was going through a difficult phase; only in a limited sense did they represent a struggle for power to control the mainsprings of the Company's financial and commercial mechanism.(1) What, however, emerges as of striking significance and interest from them is the social basis of the two factions. The East India Company in common with other commercial, as opposed to industrial, ventures held out special attractions as a field of investment. It thus drew its capital from a heterogeneous body of investors, who broadly can be classified into two groups. From the outset the active control and administration of the Company lay in the hands of a group of City merchants who not only invested large sums in it individually but whose interest in the Indian trade arose from their being directly engaged either in the sale of the commodities at home or in re-exports to foreign countries. In 1635, for example, it was stated that as the Governor, the Deputy, and the twenty-four Committees held more adventure in the Stock than the four hundred Generality, 'their care in lessening the charge and

(1) On July 2, 1619, however, mention was made of some disturbances having taken place in the Court of Election which was to be attributed to "gentlemen, who having been taken into the Company by courtesy, do aim to get all the government into their hands, which is a business proper for merchants." Court Book, IV, 376.

examining accounts is also in proportion.'(1) This perhaps was a not entirely fair comment. Nevertheless, it was undeniable that the majority of the Company's shareholders, composed of members of the aristocracy, high office-holders, the gentry, the shopkeepers, widows and orphans, and foreign merchants, looked upon the whole enterprise purely in terms of financial gain and not with a view to active participation in trade. Not unnaturally when trade was slack or was making a loss they expressed their dissatisfaction or clamoured to withdraw their capital.

This conflict of interest and purpose could have been avoided had the Company's shareholders been as homogeneous as those of the Russia Company.(2) But the membership of the East India Company was open not only to those who secured their freedom by partimony or apprenticeship but to any one who purchased a share in any of its voyages or stocks and paid the necessary fines.(3) In 1615, the Company fixed the fine for freedom at £50 for 'mere merchants,' 100 marks for shopkeepers, while those for the entry of gentlemen were left to the discretion of the Governor according to the station of the applicant. Those claiming freedom by patri-mony or service paid 40s and 10s respectively to the poor

(1) Court Book, XV, 215, April 24, 1635.

(2) cf. Willan, op. cit., p.21.

(3) In 1609, the minimum amount of stock necessary for admission to the Company was fixed at £100. Court Book, II, fol.132.

box.(1)

The merchants who, as it has been made clear, formed the most important group in the Company were themselves engaged in various branches of foreign trade. Three out of the four Governors who held office during our period, Sir Thomas Smith, Sir Morris Abbot, and Sir Christopher Clitherow all had extensive trading connexions in the Low Countries, Germany, France, Miscovy, East Europe, Barbary, and the Levant. In 1613, Sir Thomas Smith was sent to Russia as the Muscovy Company's chief representative to the Tsar, while Clitherow, who served as the Deputy Governor from 1624 to 1638, when he was elected as Governor, was also the Governor of the Eastland Company.(2) The prominent merchant families of London, the Garraways, the Harbys, the Gores, the Cockaynes, the Harveys, and the Middletons, were well represented as members of the East India Company by men who played a leading part in its affairs.(3) The link with the Levant Company continued to be specially close throughout the period, and it is clear from the records of the latter that members such as Sir Hugh Hammersley, Thomas

(1) Court Book, III, 535, October 31, 1615.

(2) cf. The Dictionary of National Biography. Hinton, op.cit., p.82.

(3) cf. D.N.B. For a short biography of Sir Job Harby see John Nicholl, History of the Ironmongers Company, p.572. The Gores were trading to Barbary in the sixteenth century, see Willan, Studies in Elizabethan Foreign Trade, p.205. The Garraways were represented in the East India Company by two brothers, William and Henry; the latter was the well-known Royalist Lord Mayor of London. They were both members of the Court of Committees in 1625.

Mun, Nicholas Crispe, Nicholas Leate, Alderman Gore or Sir James Cambell had large economic interest in the trade with the Mediterranean and the Middle East.(1)

The close inter-relation between the various trading companies had always been a characteristic feature of commercial life in London.(2) But the connexion between the City interests and the nobility was a more recent phenomenon, which had began to make its appearance in the last two decades of the sixteenth century with the growth of the joint-stock

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- (1) They were also members of the Eastland Company, see Hinton, op. cit., Appendix C, p.219. For their other activities see Remembrancia. For Mun's early life in Italy, see De Roover, "Thomas Mun in Italy," Bulletin of the Institute of Historical Research, XXX(1957)80.
- (2) This is particularly well-illustrated by the following quotation from a petition presented to the King in June 1624 against the Dutch violence towards the English in the East Indies: "The craft and cruelty of the Hollanders' Embargo both in its nature and extent, are most terrible, most intolerable. Thereby many of your brave subjects' lives are lost, much blood is spilt, much dishonour offered unto your sacred fame: infidelity, inhumanity, violence, hostility, cruelty, all kinds of injury done unto us; in ourselves, in our servants, in our ships, in our goods, in our good names. But alas, we are not only hurt and thus undone, but others are also wounded through our sides. Many of us are your Merchant Adventurers, with us the Drapery of the Kingdom, principally the Western, suffereth. Many of us are Turkey and Eastland Merchants, and with us the Eastern clothiers complain. Many of us are French Merchants, and with us the Northern draperies decay. Many of us are Spanish Merchants and with us Southern clothiers cry out. Many of us are tradesmen, and in us both City and Country complain. Many of us are men of other conditions and by us your Majesty's supplies are not supplied as they might. For how can men go on in their particular courses and trades, when their estates are taken away?" Calendar of S.P. East Indies, 1622-24, p.490.

privateering ventures.(1) In the case of the East India Company, aristocratic investment was particularly prominent, and the merchants seem to have welcomed the influx of capital from this direction as a part of deliberate policy. Before, 1609, however, the only member of the nobility in the Company was the Earl of Cumberland, but after the renewal of its charter by James I their number showed a remarkable increase.(2) In May 1609, the Governor informed the Court that "mention had diverse times been made unto him for the acceptance of the Lord Treasurer, the Lord Admiral, the Lord of Worcester, and the Lord of Southampton, with some other Lords, Knights, and Gentlemen to be free of the East India Company." When the Court debated the issue and considered the advantage which might accrue to the Company they not only readily granted 'freedom' to these particular applicants but also empowered the Governor to "admit such and so many other Lords, Knights, and Gentlemen favourers of the Company and no mere merchants as he in his discretion shall think meet." (3) The foregoing passage reveals very clearly the line of thought that motivated the merchants'

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- (1) cf. K.R.Adrews, The economic policy of Elizabethan privateering, Ph.D. thesis, University of London, 1951. Also L.Stone, "The Nobility in Business," The Entrepreneur, Papers presented at the annual conference of the Economic History Society, Cambridge, 1957.
- (2) The First Letter Book, p.164.
- (3) Court Book, II, fol.120, May 30, 1609.

ready acceptance of the peers and the gentry as shareholders; since the Company's activities so often evoked 'reasons of State' it was obviously of great advantage to have spokesmen interested in the Company who were also near the Court.

In 1614, the Company admitted Sir James Stonehouse, one of the Privy Councillors, to its freedom because, as it was said openly, "the Company, understanding that he is a civil gentleman who is daily attending about his Majesty, were willing to have some such their friends about the King that should be tied unto them by some kindness especially against this time of Parliament." (1) The same year they also admitted Sir Anthony Palmer, Sir Thomas Edmunds, the English Ambassador to France, and Sir John Digby, the royal envoy to the Spanish Court, as the Company had received or expected to receive 'some kindness' from them. (2) Three years later, the investors in the Second Joint-Stock included Sir Thomas Merrye, the Clerk Comptroller of the royal household, Sir Thomas Lake, the Secretary, Lord Chief Justices Hobart and Montague, Sir Henry Yelverton, the Attorney General, Sir Ralph Freeman, Master of Request, and Sir Julius Caesar, Master of the Rolls. (3) When Francis Bacon, the

(1) Court Book, III, 70, March 19, 1614.

(2) Court Book, III, 141, 149, 230.

(3) Court Book, IV, 65, 74, 93, 116; 1617-18. For the general social and political background of these men see David Mathew's well-known work The Jacobean Age.

Lord Chancellor, himself expressed a wish to become a member of the Company, the latter willingly complied 'not knowing how to deny his Lordship,' but it was in 1619 that the Company received its most distinguished adventurer in the person of Prince Charles who invested £6,000.(1) Once these noblemen and courtiers had been admitted, the merchants were continuously importuned to take in their parasitical followers as well, though in general the Company was anxious to be accommodating to them personally. In 1614, for example, when Lord Pembroke and Sir Edwin Sandys requested a month's grace for paying in the money for their stock, it was readily granted because 'it will be our Lady's Day before the rents do come in ... the one being so honourable a personage and the other so worthy a gentleman whom they do honour and respect.'(2) On another occasion the agent of the Countess of Derby neglected to pay in the money for £800 worth of adventure which she had underwritten for the benefit of one of her grandchildren, but the Court when appraised of all the facts and informed that 'her Ladyship being full of business by my Lord's death and in the Country' allowed her to continue the holding. The extent to which the Company was prepared to go can be seen from a unique example in 1618, when Sir John Villiers, the future Duke of

(1) Court Book, IV, 142, March 17, 1618; 386, July 23, 1619.

(2) Court Book, III, 54, March 10, 1614.

Buckingham, who had underwritten £1,000 but not paid any of it, notwithstandingly sold it to Sir Lionel Cranfield for 100 Jacobus. The Court demurred a little whether to consider the whole transaction valid or not, but decided to give way 'for the time, being sold to such a worthy gentleman as well ready to perform any good offices for the Company.' (1) Since the Company contained such powerful men, who by present-day standard were used to high-handed ways, it is scarcely surprising that the merchants found it difficult to control them in the General Courts where they formed a distinct and vocal group. In chapter IV, we have seen the frequent conflict of interest between the two groups - the exporting merchants and the gentry and the domestic traders - in fixing the dividend price of pepper. Again, in 1624, the Governor informed the Court that the Committees had not only taken care to provide a dividend for those who wanted to take out goods but they had also ordered a second dividend to be paid in money to 'take away the common aspersion that the Merchants swallow all, but the Gentry can get nothing.' (2)

A third extraneous element among the Company's investors was the foreign merchants. It is impossible to estimate what their exact number or the proportion of capital was. But

(1) Court Book, IV, 165, April 24, 1618.

(2) Court Book, VII, 97, August 27, 1624. See also chapter VIII, p. 370

the majority of them seems to have been Dutch, in all probability those who had been unable to gain admission to the VOC.(1) In 1614, when one Peter Hought of Amsterdam asked permission to invest £6,000 in the First Joint-Stock, objections were raised on the ground that the number of foreigners in the Company was already high enough. Hought, however, was admitted, the reason for his admission put forward in Court being that it would enhance the reputation of the Company already won among strangers and also that it might be a means of receiving intelligence from Holland.(2) Apart from attracting extra capital, the latter motive was undoubtedly a strong one and in 1615 it led to the appointment of the Company's own agents there to keep the directors informed of the Dutch Company's proceedings, 'the number and manner of their shipping, provisions, goods, exports and imports, and all other material circumstances.'(3)

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- (1) In April 1625, Philip Burlamachi informed the Court that the French Ambassador had approached him with a proposal that the French merchants might join the East India Company with a 'good round stock' but that he had replied that the Company would rather deal with the merchants directly than the State; the Court told Burlamachi that 'they relished well the motion.' Court Book, VII, 414.
- (2) Court Book, III, 180, July 27, 1614.
- (3) Court Book, III, 435, June 28, 1615. On October 17, 1615, it was recorded in the Court Minutes: "It is much distasted by some of the Generality that so many Dutchmen were admitted to buy adventures. This Court upon serious consideration conceived no wrong at all but rather a benefit to arise thereby unto the Company and Commonwealth wishing they had more in the like nature." Court Book, III, 150.

In the following chapter we shall examine the activities of the Company's servants in charge of the shipping and the dockyards. Here, the present survey of its central organization can be concluded by offering some remarks about the two of its most important officials, the Treasurer and the Secretary. In a joint-stock concern, the position of the former was a most important one. For it was he who was responsible for receiving all the cash paid in by the members and disbursing it again for current expenses. In addition, the East India Company's Treasurer was also in charge of borrowing money for the Company's account and organising the supplies of rials. On every quarter day he was required to lay before the Court of Committees a statement of the exact amounts of cash held and of money borrowed at interest and to submit estimates of future expenditure. Apart from keeping the cash and administering it, he also had in his custody all royal letters patent, royal letters and orders, letters from the Dutch East India Company, copies of the answers, and treaties concluded with the Dutch.(1) If the East India Company's Treasurer fulfilled a key function, the task of its Secretary was no less useful. The by-laws provided that his office 'is to attend the Governor, the Deputy, and the Committees in all

(1) Laws or Standing Orders of the East India Company.

their Courts, ordinary and extraordinary, and also in their General Courts to take notes of their proceedings, which he shall faithfully and truly ingross into a fair book for that purpose."(1) Clearly, the Company attached great importance to the proper recording of its proceedings, as without such records of its orders and decisions the administrative duties of the Court of Committees would have been impossible to carry out. There are numerous examples when the latter sent for its Minutes to check the assertions of a buyer who wished to repudiate certain conditions of his bargain or a factor who raised difficulties about the terms of his contract.

(1) Laws or Standing Orders of the East India Company.

Section 2. The Factors.

The role of agents or factors in the East India Company's commercial affairs was a most vital one, and as such it merits separate treatment, even though logically the agents formed a part of the Company's trading organization in Asia. In discussing the position occupied by the factors in the Company's early history, we do not propose to trace their individual careers in the Indies nor even to examine the details of their trading activities there but merely to confine ourselves to the problems of their recruitment and control, the two tasks that most needed the constant and urgent attention of the Court of Committees in London.

The directors of the Company were perfectly well-aware of the fact that the success of their trade ultimately depended on the commercial acumen of their servants in Asia, and it was this sense of vulnerability that gave rise to the chronic suspicion with which the Company regarded the factors' honesty or efficiency. The times of trading difficulties especially almost always aroused serious doubts on both these scores, and the history of the Company's relations with its servants is marked by a continuous series of prosecutions and suits in the High Court of Admiralty, Chancery, or the Star Chamber. On the face of

it, much of this recurring accusation was justified. The Company could often complain of the faulty judgement of their factors - though the latter were necessarily handicapped by a lack of firsthand knowledge and experience of the trading conditions in Asia. Again, some factors indulged in the strictly forbidden private trade and no doubt enriched themselves considerably, though not necessarily at the Company's expense. Technically, they were guilty of contravening their own undertaking which they had given to the Company before going out to the East. However, when judged by the standards and ideas of their century it is perhaps not entirely surprising that a salaried position should have been considered by its holder as a stepping-stone to further advancement. The problems facing the Company were essentially the product of attempting to demand a degree of commercial skill and to establish standards of behaviour that were not normal or common at the time.

These higher qualities were necessary because the terms of employment of the East India Company's factors and the conditions under which they had to operate differed fundamentally from those applicable to the factors of merchants trading within Europe. To merchants trading with Europe the recruitment and control of factors necessarily presented

much less difficulty. Often their own apprentices or even partners would also act as their agents abroad. In any case, candidates were not lacking who would enter into a merchant's service for a number of years to act for him in a subordinate position and when they had acquired sufficient business experience would return home and set up as independent merchants. Two of the most famous City merchant families of the period, the Garraways and the Cranfields, trained their younger members in this manner. There are other examples also. Thomas Alabaster who was a factor in Spain in the late 1580's was trading as a merchant in 1599. He was also one of the original members of the East India Company's Court of Committees mentioned in the Elizabethan charter, and he was appointed an honorary accountant of the Company in 1600.(1) According to a list of the members of the Levant Company and its servants, Thomas Mun himself was a factor^{cf}, William Garraway in 1600, but during this time Mun was in Italy, probably trading for his master as well as for himself, since he had an account under his own name with the Florentine banking house, Matteo and Lorenzo Galli.(2) Such agents were normally paid on

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- (1) Willan, Studies in Elizabethan Foreign Trade, pp.11,32; The dawn of British trade to the East Indies, pp.12,25.
 (2) Historical MSS.Commission, Calendar of MSS. of the Most Hon. The Marquis of Salisbury preserved at Hatfield House, X(1904)214. cf. R.de Roover, "Thomas Mun in Italy," Bulletin of the Institute of Historical Research, XXX (1957)80.

commission, when they were freemen, at a rate varying from $2\frac{1}{2}\%$ to 4% depending on the regions they were trading to.⁽¹⁾ But the distinction between a factor and a merchant was not always finely drawn. It has been stated that the factor who combined the duties of an agent with independent trading activities was less common than those who acted solely for others, since the former practice exposed him to the suspicion of neglecting the principal's business in favour of his own.⁽²⁾ There are examples, however, apart from the obvious case of Mun, to show that the factors sometimes supplemented their income from factorage by such trading. They also often acted for more than one merchant. Between 1598 and 1602 William Clarke was operating on behalf of a number of London merchants at Aleppo.⁽³⁾ All this goes to prove that there was a flexibility in the relations between the agent and the merchant trading in Europe, which, if it sometimes raised legal difficulties, at the same time made the task of exercising control over the factors much easier. If a factor proved unsatisfactory, merchants could always cancel his services or keep an eye on his activities through the letters of their resident correspondents.⁽⁴⁾

(1) In July 1630, it was stated in the Court Minutes of the Company that "no merchant doth allow his factor abroad for his factorage less than $2\frac{1}{2}\%$." Court Book, XII,3, July 2, 1630.

(2) cf. Willan, op. cit., p.14-15.

(3) Letter Book of William Clarke, BM Sloane MSS 867.

(4) For the contemporary view of the factors' duties see John Browne, The merchants' avizo, ed. P. McGrath.

It was when the merchants were engaged on remote overseas ventures and traded on a joint-stock basis that they were compelled to revise radically this familiar pattern of agency. Both the Russia and the East India Company devised a much more rigid system. The resident or travelling factors of these two Companies were selected with meticulous attention to their commercial experience and standard of honesty but they were not allowed to trade for themselves, and were not in fact meant to be anything more than just paid employees. In the case of the East India Company, the commission-system was obviously thought to be unsuitable both on account of the trading risks involved and the difficulties in reckoning an equitable scale of commissions in a joint-stock concern employing upwards of two hundred factors. Because of the complexity and the magnitude of its trading activities in the Indies, the Company, in addition, had to lay down definite regulations regarding the rank, the terms of employment, and the duties of its factors. In short, the system envisaged by the East India Company sought to provide a complete framework for the legal and commercial position held by the factors in its trading organization.

It is essential to emphasise that this system was not created all at once, but was gradually developed to provide a check upon the factors' activities in the Indies and to

co-ordinate them with the Company's trading needs at home. Control and co-ordination remained among the foremost problems that the Company had to face during the period. The Company might devise regulations but it was quite another matter whether it was able to enforce them; indeed, unless it could provide financial attractions which sufficiently counteracted the temptations of private trade or equalled the opportunities available in Europe the problem of recruiting the best type of men into the Company's service was likely to remain endemic. In the intermittent quarrels between the factors and the Company, the latter generally had a case in its favour, but^{so} did the factors also. In 1618, for example, the Court of Committees received a letter from three of their Bantam factors, George Ball, Thomas Spurway, and John Byndon, in which the factors' side of the picture was presented most forcefully, as can be seen from the following passage: after a preliminary remark that many men were invited out to the Indies by the promise of golden reward but that none would stay there long, they proceeded to enumerate the reasons,

"At home men are famous for doing nothing; here they are infamous for their honest endeavours. At home is respect and reward; abroad disrespect and hearbreaking. At home is augmentation of wages; abroad no more than the third of wages. At home is content; abroad nothing so much as grief, cares, and displeasure. At home is

"safety; abroad no security. At home is liberty; abroad the best is bondage. And, in a word, at home all things are as a man may wish, and here nothing answerable to merit." (1)

It is probable that in the early years the East India Company drew on the experience of the Russia Company in building up its permanent commercial organization in Asia. The Muscovy merchants employed both resident and travelling factors, the former for their trading-stations in Russia and the latter for trading to Persia.(2) Similarly, for its First Voyage the East India Company laid down that if the commander of the fleet and the factors found on their arrival in the Indies that they were to be allowed to trade peaceably in those parts, then some factors were to be left behind as residents while the others were to return in the same ships.(3) The Company had created three grades of factors, the overall directions of affairs being assigned to the principal or the cape merchant who had the other two categories serving under him.(4) It was he who was to choose the resident factors from 'the youngest sort' and leave them with 'such advice and direction for their better information, how to carry themselves in those places, as by the good direction of our principal merchant.'(5) Since the

(1) Original Correspondence, V, 595, January 19, 1618.

(2) Willan, op. cit., p.4.

(3) The dawn of British trade to the East Indies, p.131.

(4) Ibid, p.81.

(5) Ibid, p.131.

Company's ships were expected to trade from port to port and provide their loadings while actually in the Eastern waters it was obviously essential to have the chief merchant on board. But with the growth of the factory-system, the cape merchants were required to reside at the most important trading-stations. As it has been pointed out in an earlier chapter, it was this development that eventually gave rise to the office of the President.⁽¹⁾ After 1620, the duties of the travelling factor sank into insignificance, and the purely administrative work in connexion with the lading of cargo on board the ships was carried out by the pursers.

During the first two decades of the period when the Company's trading organization had not yet assumed its final form, the commander or the 'general' of the fleet also exercised considerable control over the Company's commercial affairs in the Indies. The exact relationship between him and the chief merchant is not quite clear. So far as the fleet's movements were concerned the commander unquestionably had superior authority and all final decisions about the buying and lading of merchandise had to be referred to him.⁽²⁾ But the actual conduct of trade was assigned to the chief merchant. There is no doubt that this resulted in a certain

(1) See chapter II.

(2) cf. The Company's instructions to Captain Lancaster in The First Letter Book, pp.4-9, and Consultation in Letters Received, II, pp.130-33.

amount of overlapping of duties, as the Company's instructions to Lawrence Femmell, the principal factor of the Sixth Voyage, and Sir Henry Middleton, the commander, showed. Femmel himself had been proposed for 'General' in the Fourth Voyage but 'spared' until the next expedition. In November 1609, he was appointed as a senior factor for the Sixth Voyage at a salary of £200 on condition that he would stay in the Indies for three years.(1) In the commission issued to him in March 1610, he was instructed to make inquiries about the conditions of trade at the ports where the ships called, supervise the buying of commodities, keep the cash and accounts, organize the country-trade, and keep an eye on the factors for their 'civil behaviour.' Middleton's instructions, on the other hand, contained in addition to navigational directions details of the goods exported and and the commodities to be purchased in the Indies. When the fleet finally reached Bantam, the further movements of the ships and their lading was to be left to his directions, while Femmell was to remain there as the chief Agent together with 'so many of the rest of our factors now sent as you and he shall deeme fit.'(2)

The subordination of the factors to the commander was no doubt meant to prevent any conflict on board the ships

(1) Court Book, II, fol.50, November 13, 1609.

(2) The First Letter Book, pp.319-48.

which could jeopardize the proper direction of trade.(1)

It was also due to the fact that at this period the commander was often chosen from experienced merchants, the navigational control of the ships being largely in the hands of the master. When the commander was just a sailor and the senior factor the only responsible merchant in the fleet - as in the case of Thomas Best and Thomas Aldworth - the latter could keep the control of the commercial affairs in his own hands, but the Company clearly preferred a commander who had some trading experience. In March 1614, the Court of Committees was informed that the Lord Privy Seal was likely to press upon them a certain Captain Harris for the position of their chief commander; it was decided to return answer to him that "the Company expected in a man to be qualified for such a place for their service and particularly a navigator...(and) a Merchant to have knowledge to lade a ship and of station and good respect, and except he be so prepared there is little hope of employment from them."(2) A few days later it was declared again that if a choice had to be made between a navigator and a merchant then 'rather to have a merchant no navigator than a navigator no merchant because the course of the other will be easy but his trial comes in at Bantam, and to conclude Mr.Governor

(1) For an example of such a conflict see Willan, op.cit.,p.5.

(2) Court Book, III, 52, March 10, 1614.

delivered his opinion inclining rather to choose a merchant that is a sound, solid man rather than a captain or other gentleman, advising to have one well experienced."(1) As the Company's factories became better organized in the Indies, the powers given to the fleet's commander tended to decline correspondingly and were gradually transferred to the senior resident factors, since the final responsibility for the purchase and provision of the return cargo now largely rested with them. The combination of duties assigned to Captain Keeling in 1614 is an obvious illustration of this transition. He was to command the outward-bound fleet of 1615; but once he arrived in the East Indies he was to be the 'Factor-General' and reside there for five years. His appointment was partly inspired by the need to exercise control over the activities of the factors of the various Voyages left in the Indies who were reported to have grown to 'a height of pride.'(2) Later, such disciplinary powers were vested in the President and he could send home any of the subordinate factors who failed to fulfil his duty or was suspected of drunkenness and loose living.(3)

The choice and recruitment of factors no less than that of the commanders was a matter of concern to the Court of Committees. In selecting their 'prime factors' the

(1) Court Book, III, 71, March 19, 1614.

(2) Court Book, III, 154, July 29, 1614. See also chapter II.

(3) Laws or Stadning orders of the East India Company.

directors naturally paid the greatest attention to seniority and wide commercial experience. When Lawrence Femmell was appointed as the senior merchant in 1609 he was already a factor or merchant of at least twenty-three years' standing; for we know that in 1586 he was trading in Barbary.(1) In 1613, the Company engaged four senior factors, Thomas Elkington, Nicholas Emsworth, William Edwards, and Nicholas Isaack, who all had good recommendations from the committee investigating their claims and had been described as 'fit and very sufficient.'(2) The practice of appointing a special committee to inquire into the past behaviour of the applicants for the Company's factorship was very general and kept up throughout the period. For example, in 1614, one William Holmeden's application was referred upon some intimation of misbehaviour, but Morris Abbot, the future Governor of the Company, was able to clear these doubts, 'delyverying that good recommendations have been sent out of Turkey of him.'(3) The same year when a Dutchman who claimed to have lived for thirteen years in the Indies in the service of the Dutch and who knew Persian, Malaya, and Portuguese, asked for a post with the English Company, the Court of Committees decided to 'enquire of him and of his

(1) Willan, op cit., p.227.

(2) Court Book, III, vi, December 15, 1613.

(3) Court Book, III, 4, January 13, 1614.

carriage' from Peter Hought of Amsterdam.(1)

The inquiries did not always turn out to be satisfactory for the factors: in March 1614, George Cullymer's claims were turned down after it was found upon investigation that he had not only surreptitiously shipped goods to Barbary and used 'cunning and deceitful tricks' but he also had a brother in Spain 'of no great report' who was well-known and acquainted among the Portuguese, the Court of Committees thinking it 'dangerous to have any factor that might hold correspondence there.'(2) Sometimes a factor who otherwise possessed an exemplary record was found to have one or two faults, and whether he was appointed or not depended on the magnitude of his lapses. In 1615, when the Court was considering Edward Connock for a senior factorship he was able to produce excellent references, being described as 'a valiant and discreet man as sufficient for a merchant as any can be and an excellent penman.' Connock had previously been employed by the Levant Company and apparently no fault was found with him except a certain 'high spirit', obviously an oblique reference to that streak of over-ambitiousness which, as we have already noted, was characteristic of his later activities in Persia.(3) Four years later the Court

(1) Court Book, III, 250, October 21, 1614.

(2) Court Book, 75, March 22, 1614.

(3) Court Book, III, 490, September 25, 1615; pp. 503-27. See chapter II, p. 55.

engaged a linen draper, John Holland, to buy their calicoes in India.(1) But before he actually went out it was discovered that, though a man of 'seeming sober countenance', he was nevertheless of a drunken disposition and suspected of other ill cources, upon which he was summarily dismissed, because as it was stated 'the Company hearing of such notorious abuses before his going held it not safe to wink at such vice or to employ such persons.'(2)

The frequent description of a possible candidate as a sufficient man is interesting. For it not only refers to his commercial capabilities as a merchant but obviously also indicates the ability to execute the bond or security which all factors were required to give before going out to the Indies. These bonds specified the terms of duty and guaranteed good behaviour of the factors while they were in the East. At the time of the First Voyage the amount of security to be offered by the top grade of factors was fixed at £500; that for the second grade at 500 marks, for the third sort at £200, and for the fourth at £100.(3) Later, it was ordered that each factor should give his own bond for 1,000 marks and find guarrantors for another £200.(4) In March 1607, Keeling, Hawkins, and Middleton each executed

(1) See chapter V, p.237

(2) Court Book, IV, 435, October 25, 1619; 516, November 20.

(3) The dawn of British trade to the East Indies, p.105.

(4) Court Book, II, fol.1, December 31, 1606.

bonds for £500, being bound to Sir William Romney and Thomas Farington. The security for John Dorchester, one of the factors in the same Voyage, was provided by his father Richard Dorchester and one John Periam who bound themselves for a thousand marks.(1) Thus the senior factors had to be men of some means, while the junior ones had to find patrons rich and willing enough to stand 'surety' for them.

It is clear from the Court Minutes that the task of selecting the senior factors did not always prove to be an easy one for the Company. In 1619, for example, it was recorded that 'the Company intending to send a sufficient merchant in the Bull and another in the Dutch ship, if they can be procured, desired all present to use the best endeavours to procure or hearken out such as may be fitting.' After some searching and debates, choice was made of one Joseph Cockram who had lived in Spain for four or five years.(2) His subsequent career in the East Indies where he served efficiently on the Council of the President of Bantam until his death in 1626 well illustrated the qualities of the general run of factors who came forward to enter into the Company's service.(3) It is interesting to speculate what reasons impelled the average seventeenth century factor, trader, or businessman to go out to the Indies. The evidence available is too scanty

(1) The First Letter Book, pp.140-47.

(2) Court Book, IV, 369, June 18, 1619; 377, July 2, 1619.

(3) Calendar of S.P. East Indies, 1625-30, pp.148,331.

to permit generalisation. But it may be inferred that adverse conditions at home was one of the elements in such a choice. The same year that Joseph Cockram was engaged, the Company also employed two other factors, John Gonning and John Clark. The former was described as 'skilful in merchant's account and arithmetic and writeth fair' and the reason why he sought employment with the Company as a factor in the East Indies was said to be the decay of the trade of the Merchant Adventurers 'wherein he hath been long used at Middleborough and other places.' Clark's petition also alleged a similar reason - 'finding the trade into Spain and Turkey to decay and grow dangerous for pirate.' (1)

Apart from a sheer economic necessity of acquiring a job, a taste for adventure and life abroad may also have been another motive, especially as the Company always made a point of selecting only those candidates who had gained their experience of trade in a foreign country. The example of Nathaniel Eile, a servant of the prominent London merchant Hugh Hammersley, employed in Turkey, possessing a knowledge of Turkish, Greek, and Italian, and double book-keeping as well as 'all kinds of Turkish commodities' could be supported by a host of others. Such was George Barklie 'brought up

(1) Court Book, IV, 400, 406, September 1-6, 1619. In 1636, another petitioner, one Thomas Merry, alleged that he sought employment with the Company because the Thirty Years' War in Germany had ruined his former master and his own estate is 'by those means somewhat weakened.' Court Book, XVI, 203, September 22, 1636.

as a purser and merchant from his youth in the East Country and of late the Islands (of Canary)' whose 'experience may be very available as was supposed in giving advice and counsel to the younger sort of factors'; George Parkin who had travelled in Barbary, Spain, Portugal, and Flanders and knew Spanish; or again, John Cooper 'brought up sometime in Turkey knowing Latin, Italian, and some taste of the Turkey language.'(1)

Some of these junior factors distinguished themselves both in the Company's service in the Indies and later in its affairs at home as merchants. The two most obvious examples are those of William Methwold and Richard Wylde. The latter was engaged in 1623, though not without some misgivings as he had once taken to dicing and 'played for great sums of money' and also kept greyhounds.(2) By 1628, however, he had become the President of the Surat factory and remained in India until 1630. Methwold entered the Company's service much earlier. It was recorded in the Court Minutes, in August 1615, that William Methwold, 'servant of Mr.Randel Mannyng, having been trained up nine years Merchandising, whereof five at Middleborough by his said master, is perfect in accounts, hath the Dutch and the French languages, and desireth employment as factor in such

(1) Court Book, III,411; 287; 282; 278.

(2) Court Book, VI, 220, November 3, 1623.

places as they shall find him qualified for.'(1) In 1633, both Wylde and Methwold were proposed for the Presidentship of Surat. As the Company was preparing to send out large stocks this year, it was looking for some specially able and experienced man to entrust with the Surat trade and was anxious not to 'hazard and expose their estates to the managing of unexperienced men, who though their sufficiency otherwise may be good; yet the want of experience in the knowledge and disposition of the people, the country, the commodities, and ordering of affairs in India, cannot but be for the present disadvantageous and prejudicial to them.' Although Wylde had influential patrons among the directors who emphasised his ability and knowledge of the Company's affairs India, the appointment went to Methwold.(2) Wylde, however, was elected as one of the Court of Committees in 1635; Methwold himself became one of the directors on his return from India in 1639 and was made the Deputy Governor in 1643 which post he held until his death eight years later.(3)

It has been pointed out before that the factors of the East India Company were strictly salaried employees. This was true in so far as they were debarred from trading on their own behalf, but the actual remuneration of factors

(1) Court Book, III, 464, August 19, 1615.

(2) Court Book, XIII, 203, February 20, 1633.

(3) Court Book, XIV, 3, July 3, 1635; XVII, 219, July 3, 1640; XIX, 2, July 5, 1643.

could take a variety of forms. In 1600, just before the First Voyage, the Court of Committees resolved to allow them a lump sum for equipping for sea and credit them with the gain of a certain amount of stock in the Voyage. A definite scale was laid down for the different grades of factors: for example, the first category was to be given £100 outright and the profits on £200 worth adventure, the second sort fifty and a hundred, the third sort thirty pounds outright and £50 of stock, while the fourth received £20 and adventure worth £40.(1) No mention was made of salary or wages, and the system was clearly a modified form of commission payment which was designed to give the factors a direct interest in the enterprise. In addition, they were allowed to invest £25 in private trade in each voyage except in spices and drugs.(2) By 1609, however, nearly all factors were given a regular salary, the reason alleged being that the Company was determined to give to their factors such adequate wages as would keep them from private trade.(3) The actual amount of wages still varied considerably. Hugh Fraine, a Spanish-speaking factor, was given £40 a year increasing by £20 to £100 after five years. William Kent, a merchant, received £50 for the first year and £100 thereafter. But Nathaniel Courthorpe, 'skilful in navigation and

(1) The dawn of British trade to the East Indies, p.81.

(2) Court Book, II, fol.9, January 19, 1607.

(3) Court Book, II, fol.151, November 16, 1609.

calicoes', was engaged at only £10.(1) Later, a senior factor could expect to get about £150 to £200 a year, while a junior factor was usually given £40. In 1614, dissatisfied with the general behaviour of the factors in the Indies, the Company decided to be more careful in granting high salaries to the factors until 'trial may be held of their life and living.'(2) Sometimes, as in the case of one Robert Gippes, a definite bargain was concluded with the factor, which was something in the nature of a gamble. On this occasion, Gippes had demanded a salary of £100, while the Court of Committees were prepared to offer him only £50. In the end, Gippes proposed that he should be paid £25 a year in the 'country' for his maintenance and £500 when he returned home at the end of his five years' service; but if he died in the Indies, then there was to be no further claim on the Company.(3)

Although reluctant to add to the already high overhead costs by allowing factors large salaries, the Company nevertheless was not insensible of the fact that it was sometimes essential to do so on the ground of policy. In 1619, it was proposed that the salaries of older factors who

(1) Court Book, II, fol.151; 154; 152.

(2) Court Book, III, 281, November 18, 1614.

(3) Court Book, III, 281,283,289,309-10, November 1614. It seems that Gippes apparently lost the gamble; for he died in India in early 1618. He was the accountant in the Ahmedabad factory and John Browne reported that he died before he could complete the books and had left the accounts in a very confused state. O.C.V,609, February 10, 1618.

had gained experience in the Indies should be increased so that they would not be discontented at the new and younger factors going out at higher salaries than they had received at first.(1) Seven years later, Thomas Rastel was granted a reward of £200 in addition to his salary 'for extraordinary service performed both in the time of his Presidency at Surat and before ... at so great a place for so long for so small wages.'(2) When Methwold went out as President in 1633, he received no less than £500 a year.(3)

The normal method of paying wages to the factors resident in the Indies was to allow them one-third of it on the spot in cash, and to credit the rest to their account in the Joint-Stock, or pay part of it to relatives in England. Furthermore, the factors were encouraged to invest some of their own money, apart from their wages, into the Company. In the instructions given to the factors of the First Joint-Stock it was stated by the Governor that "for their better encouragement the Company are contented to accept of such sums as they are able and willing to adventure in the general stock and also to give them leave to employ a competent part of their wages in the East Indies for their apparel and to put the rest into the general stock if they

(1) Court Book, IV, 427, October 15, 1619.

(2) Court Book, VIII, 492, June 21, 1626.

(3) Court Book, XIII, 212, February 27, 1633.

will ... and to add unto it what they shall be able to make here to join unto the same."(1) Such an arrangement had the advantage of providing extra security for the factors' honest 'carriage', and the Company took care to insert a special clause in the factors' bills of adventure making them non-transferable.(2) The latter's investment in the Company's stocks was sometimes quite considerable. In December 1613, William Edwards, one of the senior factors engaged that year, asked permission to invest £1,000 in the Joint-Stock.(3) Early next year, Ralph Preston underwrote £260 in the Joint-Stock, and out of his salary of £75 a year reserved £15, to be paid in the 'country', and the rest put into the general stock.(4) Twenty years later, Methwold held more than £1,000 worth of stock in the Company.⁽⁵⁾

The task of keeping the factors informed of the Company's commercial needs entailed much correspondence, and thereby made it necessary to set up an efficient postal service. Among the East India Company's records at the India Office Library there are preserved some 1,700 letters from the Company's servants in the Indies covering the period, though the number of the directors' outgoing letters is

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- (1) Court Book, III, 4, January 13, 1614.
 - (2) Court Book, III, 15, January 20, 1614. Factors holding stock in the Company were generally made free.
 - (3) Court Book, III, viii.
 - (4) Court Book, III, 8, January 15, 1614.
 - (5) Court Book, XIII, 212, February 27, 1633.

disappointingly meagre. The Presidents and the subordinate factors were required to write to the Company by every homeward bound ship and letters were also regularly sent home on board the Dutch Company's ships. The overland route was also occasionally used during this period, and the factors often took the precaution of sending duplicates of letters already sent home by their own ships either through the Red Sea or via the Persian Gulf and Aleppo. In 1619, Kerridge sent copies of some letters, one of which was written in cypher, in the local junks sailing from Surat to Mocha to be forwarded to Europe by the Venetian and French Residents at Alexandria by way of Venice and Marseilles.(1) Connock had earlier stressed the importance of developing the overland route as a means of communication, considering as he did that 'the matter of advice was the very life to all the trades and to this in particular.' On June 2, 1617, he wrote to Lybbe Chapman, the English Consul at Aleppo, "I shall be forced often times to trouble you with my packets," and requested that his letters should be sent to Constantinopol "if not the Ambassador, to Mr. Anthony Garraway, whose conveyance by way of Venice by my experience in that place (2) was better at the time than any other Englishman's whatsoever."

(1) The English factories in India, 1618-21, pp.78-83.

(2) Letters Received, V, 285, June 2, 1617. This particular batch of letters reached the Company in May 1618.

In 1637, Wainsford, the Aleppo Consul, was paid 68 rials of eight at the rate of 5s per rial for postage charges on letters conveyed to and from Persia for the Company, and the sum of £10 was also given to the Deputy Governor Alderman Henry Garraway who for seven years had freely used his own letter service to forward the Company's letters to Turkey.(1)

The few letters that have survived from the Court of Committees to the factors in the Indies make it evident that the Company on its part sent the most detailed instructions about the commodities to be bought, about their price, quantity, and type, about the shipping to be despatched home, and the organization of the factories. The chief difficulty here, as the directors discovered, was to induce the factors to act and to follow their advice regarding the Company's requirements. In January 1628, the Company received a letter from Surat informing them that the danger from the Portuguese fleets had made it necessary to detain the Dolphin so that she might be sent in company with the Palsgrave later. When the letter was read to the Court of Committees, the Governor observed in great exasperation that 'the factors put not the fault in cowards why that ship comes not home this year, for they themselves either will not understand or will not follow their commission,'

(1) Court Book, XVI, 311, April 26, 1637.

giving instance 'in one particular point of advice from hence to Surat wherein direction is given to dispeed away one or more ships in November and not to stay to come in fleets unless the second ship may be ready within 14 days.' (1)

The Company also had difficulty in controlling the personal behaviour of the factors in the Indies. On hearing that the Masulipatam factors had spent nearly £4,000 on sending their representative to the Court of Golconda on a political mission, the directors wrote to them bitterly:-

"You have to the life expressed your own vanity, folly, and riot unto those people, and wasted so much of our estate in such a lavish manner as if we sent our ships and monies hither for you to make shows and pagents for those people to scorn at." (2)

Complaints of this nature and rebukes no less severe than this one were only too common throughout the period. One of the reasons for that distrust of the factors which seems to have been habitual with the Court of Committees was the feeling that they had no means of arriving at the exact truth of an allegation brought against the delinquent factors unless other factors chose to give such information. Sometimes one factor, more honest than the others, would report on the behaviour of those guilty of too flagrant abuses, as for example Caeserian David who wrote to the Company from Bantam in 1614 accusing Robert Larkins, Edward Langley,

(1) Court Book, X, 219-20, January 15, 1628.

(2) Letter Book, I, 127, October 27, 1636.

Nathienal Courthorpe, John Williams, Christopher Luther, and Thomas Herode of 'purlining the Company's goods, deceiving private men, insolent behaviour ... and great wealth they have suddenly gathered together.'(1) But the factors could league together for defrauding the Company. Upon his return from India in 1626, George Willoughby informed the Company of a 'notorious abuse' committed by certain factors, namely George Muschampe and Nicholas Bix in the South and George Clement in the North, who had confederated together and concluded a common agrrement to carry on private trade among themselves 'to the exceeding loss and prejudice of the Company.'(2)

Private trade figured at the top of the Company's list of the factors' delinquencies, and ironically although most sensitive to it, the Company also found itself virtually powerless to suppress it. In 1620, Kerridge and Rastel together with the rest of the Surat Council had indeed pointed out to the Court of Committees the danger of punishing the factors and sailors too stringently for the offence, and advised that 'if some tolleration for private trade be not permitted, none but desperate men will sail our ships.'(3) Whether the Company was prepared to tolerate it or not, private trade was widely practised both in the

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- (1) Court Book, III, 161, July 12, 1614.
 - (2) Court Book, X, 328, mentioned on April 8, 1628.
 - (3) Factory Records Miscellaneous, I, 26, February 18, 1620.

Indies from port to port and between Europe and Asia, and there was hardly a factor, including Methwold and Wylde, who was not accused of it. Short of recalling an offending factor the Company could do little to prevent it in the Indies. Upon his return to England, he might be threatened with legal proceedings or might have his wages attached. The case of George Ball, the President of the Bantam factory between 1617 and 1618, was perhaps the most notorious one and dragged on for years. It is clear that the fulminations about the hardships of life in the Indies - which we have touched upon earlier in this chapter - were no mere expressions of righteous anger for at least one of the authors but excuses for ill-dealings. He was sent home in irons in 1620 charged with serious offences. Apart from private trade, he was accused of having neglected to despatch the Company's ships home and of embezzling the funds at Bantam, and the Company proceeded against him both in the Chancery and the Star Chamber. Subsequently the latter sentenced him to the payment of a fine of £2,000.(1) The investigations into the causes of Ball's punishment show that while retrospective action might serve as a deterrent to others in the future the Company could do little to prevent the actual harm being done to its affairs through the malpractices of its servants in the Indies.

(1) Court Book, VI, 547, June 18, 1624.

Moreover, the Company could not always take drastic action even in England; for the factors often had influential backers. In 1614, the Company confiscated some goods sent home by one William Shepherd, who had been pressed on the Company by Sir Lionel Cranfield who had also stood surity for him. On this occasion, he exerted his influence to have the goods released.⁽¹⁾ In the 1630's, the Attorney General himself remonstrated with the Company against the practice of defalking part of the Company's servants' wages when they came home on pretence of some offence or other.⁽²⁾ Sometimes, through lack of experienced factors, the Company was forced to re-employ men whom they had been suing for private trade.⁽³⁾ By 1635, the Court of Committees had partly become reconciled to the existence of private trade and admitted that it could not wholly be suppressed. All that they could do was to declare that the factors who brought home commodities in excess to the quantities allowed them by the royal proclamation of 1628 were to have the whole amount confiscated.⁽⁴⁾

(1) Court Book, III, 138, July 4, 1614; 185, August 2, 1614.

(2) Court Book, XIII, 217, March 1, 1633.

(3) As for example, Augustine Spalding who was prosecuted in the Chancery in 1614 for private trade but re-employed the same year as it was considered that he could not be spared because of his knowledge of the local languages. Court Book, III, 229, September 23, 1614.

(4) Court Book, XVI, 71, November 6, 1635. The proclamation of 1628 had sought to deter the private traders from their nefarious activities by threatening severe punishment in the Star Chamber, but it also allowed the Company's servants to trade freely in certain commodities and a limited quota in the others. Calendar of S.P. East Indies, 1625-29, p.466.

CHAPTER VIISHIPPING AND DOCKYARDS.

The East India Company's factories in the Indies and its dockyards and ship-building activities at home perhaps more than anything else helped to stamp the Company with its distinctive institutional character, and aroused the interest and admiration of the public in general. For during the period under review, the East India Company not only became a large employer of shipping tonnage but it also became a major ship-builder on the Thames as well. Apart from a few ships, less than a dozen in number, purchased ready constructed at the beginning of its trade to the Indies, the Company almost invariably preferred to build its own ships, and it was not until 1639 that the first ship was freighted for the round voyage to India.(1) In this respect, the contrast with the second half of the century is striking; for then the freighting of ships was the general rule and building exceptional. The operations of the Company were obviously responsible for creating a climate of conditions in which shipowners were encouraged to build and freight to the Company ships suitable for the East India run. Although the precise effects of the growth of English trade to Asia on the shipping industry at home still awaits the historian's detailed investigation, it

(1) This was the Caesar; she left the Thames in January 1640 for the Indies and arrived back home next year. Court Book, XVII, 27, August 23, 1639; 401, January 29, 1641.

was surely no inconsiderable contribution which the Company made to shipbuilding, particularly in the Thames dockyards, first, by setting a direct example and secondly, by providing a definite incentive.

Our attention has been drawn to the phenomenal expansion of the privately-owned shipyards at London, Bristol, Portsmouth, and Plymouth under the Later Stuarts and with it the striking increase in the employment of direct labour services.(1) The Company was not involved in this expansion directly, but as long as its commercial organisation included building and fitting out of ships, the economic influence of its two dockyards at Deptford and Blackwall on the local population continued to be substantial. This was a point that did not escape the notice of contemporary observers. As early as 1621, Thomas Mun argued that the East India trade would easily maintain 10,000 tons of shipping which would not only employ 2,500 'marriners' but 'the building with the repairing of the said ships, here at home, will set to work 500 men, carpenters, caulkers, carvers, joiners, smiths, and other labourers.'(2) It is not surprising that Mun should have selected this example apart from others as an illustration

(1) D.C. Coleman, "Naval dockyards under the Later Stuarts," Economic History Review, 2nd series, VI (1953-54) 134.

(2) "A discourse of trade to the East Indies", McCulloch, p.34. Mun goes on to say, "And likewise, are not many poor widows, wives, and children of Blackwall, Limehouse, Ratcliffe, Shadwell, and Wapping often relieved by the East India Company with whole hogshead of good beef and pork, biscuit, and doles of ready money." Ibid, p.35.

of some of the benefits that the Company brought to the nation at large. As one of the largest employers of labour in the London area the Company could rightly draw attention to it, and at a time when trade depression and consequent unemployment were causing much social distress and official concern, it was likely to be of some weight in tilting public opinion in favour of the Company.

It has been pointed out before that one of the most important topics of discussion by the Company's directors was concerned with the general decisions about the volume of shipping to be sent to the Indies, the building of new vessels, the repairing of the old ones arriving back from their arduous voyages, the provision of naval stores, and the supervision of the Company's servants in charge of the dockyards. Although the Court of Committees appeared to have experienced little difficulty in organising and executing efficiently most of this purely administrative work, there was no lack of problems of a more general character concerning the overall direction and management of the Company's shipping. These were posed by the conditions prevailing in the East India trade and provoked voluminous and often acrimonious debates among the directors. The most striking feature of the East India Company's merchant fleet was that it fulfilled a double function: the East Indiamen were assigned roles that were both commercial and military. The military hazards of

the East India voyage, as the Company discovered in a few years, made it absolutely essential to equip and despatch a fairly large number of well-armed ships in convoy. But at the same time it raised the obvious question of 'utilisation! Under-utilisation of ships could be brought about by wasted shipping space on a particular voyage; it could also be due to the delays in the turn-round of ships or to maintaining them in Eastern waters in an unproductive capacity. In the case of the East India Company, there was undoubtedly a considerable degree of under-utilisation of the latter category, and it is equally clear that the economic consequences of it were serious for the Company. The following table of the shipping sent out to and returned from the Indies between 1601 and 1640 provides some indication of the scale of the Company's efforts for the whole period and the consequent results.(1)

| year | ships sent out | (tonnage) | ships returned | (tonnage) |
|---------|----------------|------------|----------------|------------|
| 1601-10 | 18 | { 6,692 } | 10 | { 3,410 } |
| 1610-20 | 63 | { 27,394 } | 25 | { 11,535 } |
| 1620-30 | 50 | { 23,103 } | 38 | { 21,050 } |
| 1630-40 | 37 | { 19,986 } | 31 | { 18,323 } |

We have noted in an earlier chapter that the first decade of the Company's trade was marked by a certain cautiousness

(1) The table is compiled from the shipping list given in Appendix D; the total tonnage is calculated on the basis of the burthen of each ship as found in the Company's records. But the figures should be treated as only approximate, as there are discrepancies in the various estimates.

while the second saw a rapid and wide expansion in its trading organization in the Indies.⁽¹⁾ The above figures for the shipping sent out from London illustrate in a striking manner the actual rate of growth planned by the Company once the system of separate Voyages had been abandoned, the volume of outgoing shipping increasing more than three-fold. The two following decades were, on the other hand, periods of progressive retrenchment; the number of ships in the fourth having dropped by nearly two-fifths from the figure for 1610-20. This pattern of development was repeated in the case of the Company's shipbuilding activities. Prior to 1607, the Company had mostly used the ships originally purchased for the First Voyage. But in this year, a new policy was initiated as the Court of Committees were contemplating an expansion of the Company's trading operations over a larger area in Asia. First, tenders were invited for charter of ships at £30 freight per ton. The Company's offers, however, met with no apparent response and the directors decided to build their own ships.⁽²⁾ In the second decade building activity was at its height. Between 1610 and 1620 the Company's dockyards at Deptford and Blackwall each turned out over 30 ships of substantial tonnage. The rapid expansion which had begun in the previous decade continued well into the '20's, more than 20 vessels being added to the Company's merchant fleet. But after 1626,

(1) See Chapter II,

(2) Court Book, II, fol.31, May 19, 1607; fol.48, August 24, 1607.

there was very little activity. The total number of new ships built during the rest of the period did not exceed half a dozen, and most of these were pinnaces of very small tonnage.

The figures of the ships which returned home in each of the four decades reveal a very different picture. Here, the trend was the very reverse of that shown in the first column. In the first period, the number of ships returned was just over half of that sent out. The second was one of the worst, when the ships returning home were about two-fifth of the total number of the outgoing ships. But in the third and fourth the proportion of the former had risen steeply and the total tonnage returned was not far short of that sent out. In trying to assess the possible financial consequences of the very great difference between the number of ships sent out and those returned home, especially in the second decade, we must make allowance for the time lag of two and possibly three years between the date of the ships's departure and return, owing to the exceptional length of the voyage. Thus, although the third decade recorded the highest number of ships returning home, it was also the one in which the Company faced the most acute financial difficulties; as the full financial loss engendered by the non-return of some of the ships sent out during the previous decade was not felt until the late 1620's. According to this reasoning, the figure of returns for 1620-30, though good on the face of it, was not so in

actual effect and should have been higher to make the efforts of the previous ten years financially worthwhile.

In view of the loss of the earlier letters of the Company to its factors in the Indies, it is difficult to determine the exact policy of the Court of Committees towards the disposition of the Company's shipping. In sending large annual fleets of heavily-armed ships to the Indies, which provided mutual protection against any possible Portuguese retaliation, was it the intention of the directors that all these ships should eventually be sent back home with full loadings of cargo? It is not possible to give a definite answer to such questions, although it is conceivable that the Court of Committees had perhaps no definite policy and merely acted according to the changing circumstances. They were of course aware of the fact that in voyages such as those to the Indies a certain number of ships were likely to be lost at sea or worn out by long service. The fervid thanksgiving which followed the return of each fleet from the Indies by the Court is an impressive reminder of the anxiety which the natural hazards of a long ocean voyage aroused among the Company's members. Again, in 1620, the Company ordered that the oldest ships in the Company's service were to remain in the Indies and serve as men of war.⁽¹⁾ Under the intermittent pressure from financial or trading difficulties, the directors also

(1) Court Book, IV, 531, March 6, 1620.

showed a clear understanding of the necessity of adjusting the size of their shipping to the overall scale of their commercial efforts. In August, 1607, there was a long discussion on the number of ships that were to be built for the following year and it was resolved to build only one big ship "upon consideration of the inconveniences that would ensue by building two great ships at one time, as the bringing home of a great mass of goods than would be here easily vented, the want of stock to furnish them with all, and the long stay in those parts for their loadings."(1)

The high cost of maintaining ships under sail in the Indies was always the bane of those directors who were concerned with the Company's accounts. With sailing-ships some loss of time was inevitable because of the need for frequent repair and overhaul. But any exceptional delays involved, apart from the direct operational costs, the problem of 'dead stock' or non-utilisation of capital.(2) With the opening of Surat trade however these fears were temporarily forgotten in the excitement of the attractive prospects. Moreover, the factors left the directors in no doubt as to the quantity of shipping which would be required if the Company's newly-established trade at Surat was to be protected from any sudden and violent

(1) Court Book, II, fol.48, August 24, 1607. (It must be remembered that this was the period when the Company began to realise the economic implications of relying only on the domestic market. For the effects of glut in the pepper market see Chapter IV, p.162.)

(2) cf. Court Book, IV, 446, November 9, 1619.

onslaught of the Portuguese. On January 25, 1613, writing from Surat, Aldworth, Biddulph and Withington advised the Company that, if the English could not obtain peaceful access to Surat by the mutual consent of the Kings of England and Spain, then 'your Worships are to provide 5 or 6 good ships which will be very sufficiently able to withstand all the force the Portingals can make here.'(1) Two years later Thomas Elkington emphasised this point again, warning the Company that "first, you must expect to be crossed therein by the Portingal with all the force he can make; so that it shall be needful every year to have your goods go and come in safety, to send no less strength than is sent with us but rather more."(2) The size of the Surat fleets and the large number of ships sent out during 1610-20 indicates clearly that the Court of Committees did not think it prudent to disregard the advice of the factors. But by 1617 the financial effects of this policy were beginning to be felt, and in September it was commented in Court that the charge of sending so much shipping to Surat had made indigo dear.(3) As the commodities exported from India were of small bulk in relation to their very high value, the superfluous space had to be utilised by shipping pepper which was a cheap commodity.

(1) Letters Received, I, p.238.

(2) Letters Received, III, p.II, 25 February, 1615.

(3) Court Book, IV, 17-18, September 30, 1617. see also Chapter II, p. 52.

But it was the Indian exports that had to bear the brunt of covering the total shipping costs since these alone offered a wide margin in the selling price.

In the early 1620's the shipping losses suffered in the Anglo-Dutch wars of 1618-19 in the East Indies had begun to tell heavily on the Company's finances at home. The directors were caught in a dilemma: the dangers from the Portuguese had not diminished, and yet financial stringency made it necessary to adopt a more realistic policy and reduce the scale of the annual shipping to India. In the event, the Court of Committees decided to send to Surat 'only such shipping as might supply them with commodities from hence' but at the same time to increase their armament so as to safeguard the trade. Furthermore, an order was to be sent to Bantam instructing the factors there to despatch all their 'superfluous ships' to Surat and thence home so that 'they may not be employed unprofitably.' (1) In 1624, the auditors informed the Court that 'the long stay of their ships abroad doth very much increase their charge.' The directors acknowledged that it was very burdensome but it could not be helped because of the new agreement with the Dutch for setting up of a joint Fleet of Defence against the Portuguese. (2) Coming as this statement did when the Company was in the

(1) Court Book, V, 342, February 22, 1622.

(2) Court Book, VII, 83-84, August 25, 1624.

thick of the diplomatic turmoil caused by the news of the 'Massacre of Amboina', it sheds quite an unsuspected light on AngloDutch relations. But by early next year, the Court of Committees had reached the dregs of their patience, as the following passage from the Court Minutes would indicate:

"The court was informed that it is fit to be sparing of sending ships for a time and that the ships shall be returned hither be of the newest and strongest, the rest to be broken up there as they grew unserviceable... and for ships to be sent from hence to send rather ships of stowage than of force, that so if necessity require the Company may reserve themselves to do something to purpose or at least they may get home their whole capital." (1)

How far the lack of business ability of the Company's factors in the Indies was to be held responsible for the inadequate return of its shipping it is difficult to determine. But fair or unfair, such was the unequivocal view expressed by the Court of Committees in the long and crucial debate of October 6, 1626, when the Governor informed the assembly that out of some thirty ships maintained in the Indies only one had been sent home in the past two years by the factors.

(1) Court Book, VII, 285, January 3, 1625. The depth of the Company's exasperation can be measured from the fact that the above decision was taken in the full knowledge that the military dangers from the Portuguese was as serious as ever. For on the same day the Governor told the Court of a conversation he had with the King in which the King had wanted to know why so few ships came home from Surat, to which the Governor had replied that "the Portugal is so strong that the English are forced to keep their ships together till a supply be come from hence." Ibid.

Thomas Mun added that it was not the intention of the Company that at least 2,000 tons of this shipping should not return again but 'to be employed and consumed in the Indies.' (1) These agitations in the '20's led to the curtailment of shipping in the '30's. The improved position in the relative proportion of the shipping sent out and received back in the fourth decade was partly due to better management in keeping the factors supplied with the necessary capital and partly also to the lessening of political tension between the English and the Portuguese in India. (2)

Unlike the Portuguese who used the term Nao da carreira da India to describe the huge vessels of 1,000 tons or more that plied between Lisbon and Goa, the English East India Company did not develop any special terminology for its ships during this period. The term East Indiaman was the invention of later generations. 'Tall' or 'Great' ship seemed to have been considered by the contemporary observers as a perfectly adequate and satisfactory description for the Company's deep-sea vessels. Although not comparable in size to the Portuguese carracks or the Spanish galleons, the ships used by the Company for the regular voyage to the Indies were nonetheless some of the largest in the English merchant navy. The average tonnage of the ships employed in European waters at this time

(1) Court Book, IX, 135, cf. Chapter II, p.72.

(2) see Chapter II.

varied between 50 and 100 tons; and even in the much longer voyages to the West Indies, North America, Spain, the Canaries and Madeira, ships fitted out by the English merchants only ranged from 100 to 200 tons.(1) The East India Company, on the other hand, preferred to employ ships of upwards 300 tons for its direct trade. Before we examine the reasons for this preference it may be convenient to note the relative numbers of the ships of varying dimensions, built or purchased by the Company during 1600-1640.

| | | | | | |
|----------------------------|---------|-----|---------|---------|---------|
| <u>ships of</u> 1,000 tons | 900-800 | 700 | 600-500 | 400-300 | 200-100 |
| 4 | 6 | 9 | 14 | 16 | 27 |

It will be seen that out of a total of 76 ships 30 varied from 700 to 300 tons. The shipping list for the period shows that these were also the ones most frequently used on the round voyage between London and the Indies. The number of the smaller ships at first sight would appear to be exceptionally large; but they were built mainly for the port to port trade in the Indies and for carrying letters of advice between Europe and the Company's Asian factories.(2) The question of what would prove to be the most suitable sizes for the

(1) cf. D.C. Coleman, op. cit., Economic History Review, 2nd Series, VI (1953-54) p.137.

(2) cf. "The Company hearing and knowing the need of having small shipping in the East Indies to trade up and down in the Country from place to place...ordered Mr.Burrel to make 2 between 80 and 100 tons." Court Book, III, 125, June 20, 1614.

ships on the East India run received the most careful attention from the Court of Committees. Before definite instructions were issued to the Company's shipbuilder, there was a thorough discussion by the Court of Committees of the tonnage of the ships to be built. Apart from considerations of seaworthiness and of ability to defend themselves, the dimensions of the ships involved some specifically economic factors. In 1615, for example, it was recorded in the Court Minutes that the building of ships of small tonnage 'was wholly distasted as unable to make return of profit to answer their charge' and that the directors were generally of the opinion that 'ships of 300 tons at least and so forth to 600 or 700 tons were fittest for them, which would make return of their goods at far cheaper rates than any small shipping,'(1) The experience of the Company would seem to indicate that there was not any great difference in the cost of operating ships of the larger tonnage from the smaller ones, whereas the disparity in their stowing capacity was likely to be considerable. On the other hand, the English East India Company did not make the mistake, as did the Portuguese, of building ships of very large tonnage, which was one of the contributory causes of the alarmingly high rate of shipwrecks among the homeward-bound carracks. The Portuguese Crown had indeed decreed in 1570 that the tonnage of all the carracks constructed for use in the carriera

(1) Court Book, III, 351, January 30, 1615.

da India should not thenceforth either exceed 450 tons or fall below 300. But not much notice seems to have been taken of this instruction.(1) As has been shown in the preceding table the East India Company possessed only four ships of 1,000 tons. All these were built between 1609 and 1623: the Trade's Increase (1,298 tons) in 1609, the Charles in 1615, the Palsgrave (1,083) in 1618, and the Great James (1,000) in 1623.(2) The sailing qualities of the larger vessels were not always found to be good; the Charles, for instance, sailed well only before the wind otherwise she tended to be a 'slug⁽³⁾g'. Moreover, the cost of repairing these large ships was sometimes excessive. In 1628, the Palsgrave arrived home in so battered a condition that the charge of overhauling her for a fresh voyage was said to be not less than £700 or £800.(4) It was perhaps for these reasons that the Company decided in 1628 not to build ships exceeding 500 or 600 tons 'which proportion was held to be as big as need would be.'(5)

Most of the Company's ships were built in its own dock-yards at Deptford and Blackwall, though in the earlier years the yard at Shoreham was also occasionally utilised.(6) The five ships employed on the First Voyage were however all

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- (1) C.R. Boxer, The Tragic History of the Sea, (The Hakluyt Society Publication, 2nd series, No. CXII), p.4.
 - (2) Court Book, III, 458; Calendar of S.P. East Indies, 1617-21, p.175; Court Book, VI, 12.
 - (3) Court Book, IX, 174-75, November 6, 1626.
 - (4) Court Book, XI, 417, May 2, 1629.
 - (5) Court Book, X, 358, May 7, 1628.
 - (6) Court Book, II, fol.49, August 1607; III, 125, June 20, 1614.

purchased ready-built in the Thames. The biggest and strongest of these the Mare Scourge, re-named the Dragon (600 tons), was bought from the Earl of Cumberland for £3,700 with all her ordnance, tackle, masts, sails, and other equipment.(1) But the price of the 240 ton Susan came to only £1,600.(2) Although the Company did not entirely give up the practice of purchasing ships ready-constructed, especially when the building of its own ships fell behind schedule, the chief difficulty seems to have been to find ships of suitable tonnage which were also in good enough condition to withstand the strains of an eight-month voyage.(3) Here, again, the problem of costs was a major consideration. One of the disadvantages of purchasing ships as an alternative to building was that the costs could not be standardized, as the prices were likely to vary a great deal according to the condition of the ships and were always arrived at after lengthy negotiation with the shipowners. In 1615, the Company paid £2,000 for the ready-built Defence, a ship of 300 tons.(4) But eight years earlier William Burrell, the Ratcliff shipbuilder, had submitted estimates to the Company according to which the cost of building a ship of 800 tons came to no more than £4,000, or £5 per ton.(5) In 1627, the average cost of shipbuilding in

(1) The dawn of British trade to the East Indies, p.31.

(2) Ibid, p. 13.

(3) Court Book, VIII, 49, May 25, 1625, III, 351, January 30, 1615.

(4) Court Book, III, 335, January 10, 1615.

(5) Court Book, II, fol. 49, August 1607.

the Company's own yards was said to be £4 per ton, though in that year the charges for building the pinnace Dove had risen to the prohibitive figure of £8 per ton.(1) It is probable that most of these estimates covered only the costs of constructing just the hull of the ship and that fitting the ship out involved further expenditure. But there is little doubt that in the long-run it was both cheaper and more reliable for the Company to build its own ships.

As the Company became better acquainted with the commercial conditions in India, considerable discussions took place from time to time in the meetings of the Court of Committees as to whether it was not cheaper to build ships in India than in England. In April 1619, the Company decided to build two ships of equal 'scantling', one at Deptford or Blackwall and the other in the 'country', and then to compare the difference in costs. One of the members of the Committees was of the opinion that by building a ship of 500 tons in India as much as £1,000 could be saved.(2) Four years later the directors were informed by one of their sea captains that it was better to buy Malabar frigates for the Company's 'country trade' than to build pinnaces in England for this purpose.(3) But there is little evidence to suggest that the Company ever embarked on shipbuilding in the 'country' on an

(1) Court Book, X, 211, January 9, 1627.

(2) Court Book, IV, 325, April 2, 1619.

(3) Court Book, VI, 219, November 3, 1623.

extensive scale during this period, in spite of the fact that it had the successful example of the great arsenal and dockyard belonging to the Portuguese Crown at Goa to indicate the many advantages of India-built shipping.⁽¹⁾ If the parallel home experience is any indication, the chief hindrance here would seem to have been organisational - the difficulty of setting up dockyards or of commissioning ships from the local shipbuilders to the specifications required by the Company. In the second decade of the period, there was once an actual proposal made to have all the new ships built in Ireland but this was turned down on the ground that the Company's shipbuilder William Burrell would not be able to keep an eye on 'to see the works effected, whereby many faults would be to their great prejudice and danger of the shipping.'⁽²⁾

It was the shipyards and docks at Deptford and Blackwall which were the scene of the multifarious activities that went on in connection with the building and fitting out of the Company's annual East India fleets. For a purely commercial concern of the period, it was exceptional for the Company to have undertaken a semi-industrial enterprise of a highly organised nature, and it was perhaps inevitable that with the waning of the Company's financial fortune in the third and fourth decade, its activities in the shipyards should

(1) cf. C. R. Boxer, *op. cit.*, p. 5.

(2) Court Book, III, 352, January 31, 1615.

also have declined correspondingly. The first reference to the Deptford dock in the Company's records dates from 1607 when William Burrel informed the directors that he had acquired the lease on behalf of the Company at £30 a year.(1) By 1614, the size of the Company's merchant fleet had reached proportions that made it highly inconvenient to rely only on one shipyard and the Court of Committees ordered Burrel to construct a new dock in addition to the existing one.(2) The latter, however, proposed that the new dock should be built not at Deptford but at Blackwall where the Company could easily acquire its own site and would not have to pay exorbitant fines for a lease as at Deptford.(3) A more serious reason, as reported by the Committee in charge of the dockyards, was that being further up the river than Blackwall ships of larger tonnage could not always pass into the Deptford dock easily and at low water their bottom touched the ooze which was considered injurious for their structure.(4) Accordingly, some land was bought at Blackwall from one Roger Jones, of Limehouse, and work was began at once in digging the new dock.(5) In August 1614, it had progressed sufficiently to be able to receive the Dragon, although the construction of the dry dock for building new ships was not completed until

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- (1) Court Book, II, fol.49, August 28, 1607.
 - (2) Court Book, III, 9, January 17, 1614.
 - (3) Court Book, III, 90, April 9, 1614.
 - (4) Court Book, III, 103, April 21, 1614.
 - (5) Court Book, III, 105-6, May 3, 1614.

two years later.(1) Yet, the Deptford shipyard was still accorded the pride of place so far as the construction of the Company's larger ships were concerned, the Blackwall yard being considered best for repair work.(2) It was also there that the Company set up the iron foundries for making ship's anchors, chains, nails and other iron implements, a spinning-house for the manufacture of cordage, and a multitude of storehouses for timber, canvas, and provisions.(3)

However energetic the Court of Committees might be in discharging their routine business, the administration and running of the shipyards entailed the appointment of regular officials. The overall direction of all matters connected with the Company's shipping at home was assigned to three principal officers. These were the shipwright, the clerk of the yard, and the ship's husband. In addition, there was a host of subordinate staff working under them, such as the boatswain-general, the purser-general, the pilot, the surgeon-general, and clerks in charge of the cordage for rigging, the iron foundries, and the slaughter-house. In the Laws or standing orders of the Company, it was stated, obviously enough, that 'the Mr. Shipwright's duty is to build and repair the Company's ships.' But during Richard Burrell's term of office - he was succeeded by his son for a brief period -

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- (1) Court Book, III, 117, June 8, 1614.
 - (2) Court Book, IV, 278, December 20, 1618.
 - (3) Court Book, III, 81, March 29, 1614.

the position of the shipwright carried considerably wide responsibility and included the general supervision of all other officials in the shipyards. Apart from designing and constructing the ships, he was in charge of the digging of the docks, controlled the workmen, and personally organized the supply of timber, riding thirty or forty miles out of London to look for bargains.(1) After his retirement, however, the Company seemed to have curtailed the duties of the shipwright and apportioned some of them to the clerk of the yard. Innovation in management in the seventeenth century no less than now caused resentment and this particular one was responsible for causing a violent quarrel between Stevens, the shipbuilder, and Fotherby, the clerk, in 1626. The trouble was caused in the first place by a labour dispute at Blackwall. The workmen there had been for some time suspected of stealing the Company's nails from the shipyard and the Court of Committees had issued an order that they should all be searched upon leaving the yard in the evening.(2) This created such ill-feeling that Stevens came and reported a few weeks later that all the carpenters had walked out in a body, and he tried to pin the responsibility on Fotherby. Furthermore, he claimed that he should be given the same powers as Burrell 'to govern the workmen, order the affairs of the yard, and

(1) Court Book, III, 377, March 3, 1614.

(2) Court Book, IX, 47, July 21, 1626.

make workmen's wages.' The Court, however, stood firm and replied that the cause of Burrel's (junior) dismissal previously was precisely because ' he had taken more upon him than belonged to his place, ' adding that the shipwright was employed 'for his art to build and repair the Company's ships and in that kind it was the Company's meaning that he should order the work as he should please, but for entertaining of men and making their wages - that trust had been and should remain in the clerk of the yard.' (1)

Much more important than either of the two foregoing officials was the ship's husband, and some measure of the weight which the Company attached to this position can be seen from the fact that whereas Burrel was paid only a salary of £150 a year the Company's husband Richard Mountney received £200, and in 1614 he was given a reward of £100 for his work in fitting out successive voyages from the time of the Sixth Voyage.(2) The duties assigned to the husband in relation to the Company's shipping were largely managerial. He attended the meetings of the Court of Committees on shipping, noted the number of ships which were to make up the outgoing fleet, organized the fitting out of them, drew up tables of stores and provisions required, and supervised the loading and unloading of the ships. He was

(1) Court Book, IX, 59, August 4, 1626.

(2) Court Book, III, 19, January 22, 1614.

also in charge of the cash for defraying the cost of 'lighteridge', cranage, wharfage, portorage, and rents of the warehouses. He received and delivered out iron for the foundries and controlled the clerks of the warehouses. Likewise, it was his responsibility to see that the Company's ships and goods upon their arrival from the Indies were duly cleared in the Customs-house.(1) In short, his function was to prepare the fleets for their outward voyage and to 'discharge the incoming ships.

All this work, it is true, was done in conjunction with the members of the Court of Committees. The husband was responsible for making the estimates, but it was the sub-committees that carried out the actual purchasing of timber and planks, cordage and other naval stores, ordnance, and the provisions.(2) It is not quite clear where the bulk of

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- (1) cf. Laws or Standing Orders of the East India Company; Court Book, III, 9, January 17, 1614; 122, June 19, 1614. Richard Mountney served the Company until 1635, when his salary was reduced to £40 a quarter, and he was eventually dismissed for neglecting his work. The Company was at this retrenching its administrative expenditure; there were frequent talks of either letting or selling the Blackwall shipyard. The salaries of all the servants were drastically cut: that of Fortherby's from £120 to £80 and Steven's from £120 to £60. Court Book, XVI, 189.
- (2) In 1626, the commodities to be provided by the six sub-committees were grouped as follows: (i) beef, pork, butter, fish, cheese, and salt. (ii) beer, cider, wax, candles, sugar, spice, rice, honey, lemon juice, soap; (iii) bread, meale, flour, biscuit, peas, French barley, plates for the bread-room; (iv) cordage, pitch, tar, rosin, masts, deales, wainscot, trenails, planks, sheathing-boards, pipe-staves; (v) wine, acquavitaë, sweet oil; (iv) iron, lead, copper, billets, stivers, ordnance, apparel for mariners, iron hoops. Court Book, IX, 39, July 17, 1626.

the Company's timber supplies came from; they were certainly obtained in England, though quantities of planks and the ship's 'knees' were imported from Ireland.(1) The canvas for sail mainly came from France.(2) The problem of obtaining suitable cordage for rigging seemed to have kept the Court of Committees particularly busy, as the supplies available tended to be irregular. The Company sometimes bought hemp in Town and manufactured its own cordage according to the somewhat special sizes required by the East India ships.(3) But the chief source of supplies of ropes undoubtedly lay in the imports of the Muscovy Company from the Baltic area. In 1614, for example, the Company was offered 150 tons of cordage brought home in the Muscovy ships at 'three shillings in hundred cheaper than they can sell it unto others.' Again, in 1627, the Court of Committees concluded a contract with Job Harvey for buying 'his whole complement of Muscovia cordage being 123 tons' at 24s per cwt.(4)

Equally important, though less of a problem, was the task of arming the Company's ships. Operating in pirate-infested waters and continually exposed to the hazard of military encounter with Portuguese and possibly Dutch East Indiamen, the ships and men depended for their safety on the

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- (1) Court Book, III, 352, January 31, 1615.
 - (2) Court Book, III, ii, December 13, 1613; 228, Sept. 23, 1614.
 - (3) Court Book, III, 134, 207, June-July 1614.
 - (4) Court Book, III, 232, September 28, 1614; IX, 357, January 26, 1627.

use of their guns. In 1634, it was reported to the Court that one of the smaller vessels, the Coaster, was so deeply laden that she would not be able to encounter an enemy 'as in case she used her guns her ports would be within a foot of the water and so run the risk of suddenly sinking.' Nor was the danger feared by the Court of Committees purely illusory; for, although Portuguese hostility had considerably abated by this time, the ships still ran the risk of being surprised by the Algerian privateers' men of war prowling along the West coast of Africa as far as Madeira.(1) Nearer home there were the 'Dunkirkers' operating under letters of marque from the French king. In 1626, to avoid all dangers from them, Thomas Mun persuaded the Court to have their ships then bound for India manned and stowed at Erith and Gravesend instead of at the Downs.(2) The practice of arming the ships heavily paid dividend in the long-run. None of the Company's ships was ever taken by the pirate during this period, and, with the exception of the Lion which was burned by Ruy Frere de Andrade in the Persian Gulf in 1625,⁽³⁾ no other vessel was lost to the Portuguese, though in the naval action with the Dutch the record of the Company's sea-captains

(1) Court Book, XIV, fol.122, January 15, 1634.

(2) Court Book, VIII, 219, January 16, 1626.

(3) Original Correspondence, XI, 1229, June 10, 1626.

was much less bright.(1) The number of guns on the ships varied from 12 to 40 according to the size. Captain Best had complained to the Court in 1614 that the ordnance carried by the ships was too small and too scanty; as a result of which both the number and size of the guns were considerably increased until complaints of a different nature began to come in - that the ships were being overburdened with ordnance.⁽²⁾ In 1630, the Mary, a ship of 800 tons, carried 42 guns, the Exchange (800 tons) had 40, but the Palsgrave which was one of the largest vessels then in the Company's service (1,083 tons) was armed with only 36 guns, while the Hopewell and Speedwell, the two pinnaces, had 16 and 14 respectively.⁽³⁾ Most of these guns were cast for the Company in the iron foundries of the Kentish Weald where the Company sent down its own gunners to test them.⁽⁴⁾

If a growing armament industry in the country made the the task of providing the ships' ordnance an easy one, the regular supply of gunpowder, on the other hand, proved to be much more troublesome. During the earlier years the Company

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- (1) In 1620, for example, Thomas Berwick who had been the commander of the ship Bear was confined to Newgate for having surrendered his ship to the Dutch without firing a shot. cf. Letter from the Privy Council to Sir Henry Martin, judge of the Admiralty, P.C.2/30, fol.550.
 (2) Court Book, III, 155, July 9, 1614; IV, 73, November 21, 1617.
 (3) Court Book, XII, 26, August 13, 1630.
 (4) Court Book, II, fol.126, 135, 138, July 1609.

obtained its gunpowder from a miscellany of sources, sometimes importing it from Holland and Danzig.(1) But in 1626, a royal licence was granted to the Company to manufacture its own gunpowder which had hitherto been a monopoly vested in the Evelyn family.(2) The Company at first set up powder-mills near Windsor forest, but these were closed down on Government order and new works were rented by the Company from Sir Edward Randall at Chilworth.(3)

From the time of New Year onward until the ships sailed for the Indies in the early spring, the victualling and the recruitment of the ships' crew were the two major preoccupations of the Court of Committees. The quantities of provisions to be supplied naturally depended on the duration of the voyage. The ships were almost always victualled for the round voyage, the Bantam fleet for 24 months and the Surat for eighteen.(4) On the outward voyage as the export cargo took up very little space or tonnage, apart from the 200 tons or so of lead or iron, the ships were ballasted with provisions, and the beer, wine, and water casks. If there was any extra space left after the ships had taken in their particular stowage, the holds were filled up with additional provisions for relieving the ships remaining in the Indies or on their

(1) Court Book, IX, 48, July 21, 1626.

(2) Calendar of S.P. East Indies, 1625-29, p.432-33.

(3) Court Book, IX, 115, September 22, 1626.

(4) Court Book, II, fol.135; IV, 421.

way home.(1) The staple diet on board the East India Company's ships, when the fresh provisions were exhausted, consisted of salted or pickled meat, usually beef and pork, bread or biscuits, peas, beans, stockfish, and beer, cider, or wine for drinking.(2) The ships were supplied with a certain quantity of lemon water against scurvy among the men. In addition, the Company provided special wine and other delicacies for the Captain's table. The scale of rations allowed to the men was quite adequate, with three loaves of bread per man each day, $1\frac{1}{2}$ pound of meat, half a pint of peas or beans, and a pint of wine and a quart of beer or cider. At the same time, the Court of Committees were much concerned that the provisions should not be wasted in 'in riot and feasting.' In 1611, it was stated in the serious and legal language of the Company's commissions to the captains and masters that 'to the end that the voyage be not hindered through the want of victuals, we do ordain and require that the Captain shall not alter the daily allowance of victuals, without first having taken counsel and consent of our principal merchant.'(3)

The task of organizing the supplies of provisions and the supervision of the baking of biscuits, the salting of

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- (1) Court Book, V, 306, January 23, 1622.
 - (2) The First Letter Book, p.102. See also Appendix D, IV.
 - (3) Ibid, p.372.

meat, or the brewing of beer naturally demanded the utmost care and attention, since any defect in the food and drink usually had dire result on the men's health and lives and could jeopardise the success of the whole voyage. Indeed, the badness of the sea-rations and the unwholesomeness of water or beer formed topics of chronic complaints by the sailors and commanders of nearly all returning fleets, and were perhaps responsible for a greater toll of lives lost than any human enemy. It was possibly owing to the methods of brewing beer that it was often found to be of uneven quality. In 1618, the heavy loss of life in the Company's fleet the previous season was ascribed to stinking beer which the men had been forced to drink, and the Company resolved to bring the brewer, one Demetres, before the Star Chamber on a charge of negligence and have him imprisoned as an example.⁽¹⁾ But the worst and the most persistent complaints related to the 'tainting of beef,'⁽²⁾ which was almost certainly due to the effects of the tropical climate encountered by the ships during their stay in the Indies. But this simple explanation seems to have escaped the Court of Committees and all sorts of remedies were suggested for preventing the beef from going bad on the voyage. The butcher was instructed not to knock down the oxen too quickly or again not to cure the meat in

(1) Court Book, IV, 253, November 13, 1618; 466, Dec. 4, 1618.

(2) Court Book, IV, 302, February 16, 1619.

very hot or cold weather which prevented it from taking the salt properly. Sometimes, the unseasoned wood of the casks or the water of the Thames were held responsible for the damage.(1) The Company normally bought all its beef on the hoof directly from the producers who were often gentlemen-farmers free of the Company.(2) The killing, salting, or pickling was carried out in its own slaughter-house at Deptford. In 1623, 25 oxen were bought at a price of 17s 6d per cwt. and 300 hogs at 22s, and order was given for the purchase of another 600 cattle and 1,500 pigs.(3) Four years later, we find Sir Henry Vane, the Comptroller of the King's household and the future Parliamentarian, himself selling oxen to the Company.(4)

The number of crew carried on board the Company's ships varied a great deal according to the size of the ship. In a 'great' ship such as the Mary it might total 200 but a smaller ship of 250 to 300 tons would perhaps require no more than 80 to 100 men.(5) In the Third Voyage (1607), the complements of foremast hands and officers in the three ships were as follow: in the Dragon (600 tons) 150, in the Hector (500 tons) 100, and in the Consent (105 tons) 30.(6) In 1618,

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- (1) Court Book, IV, 302, February 16, 1619, V 455, June 18, 1622.
 - (2) Court Book, IX, 115, September 20, 1626.
 - (3) Court Book, VI, 160-64, October 6-8, 1623.
 - (4) Court Book, X, 89, September 27, 1627.
 - (5) Court Book, IX, 96, September 1, 1626.
 - (6) The First Letter Book, p.102.

the Surat and Bantam fleets composed of nine ships carried 915 men between them.(1) The total number of men in the outward-bound ships was often more than what was actually required to man them; for the Company shipped extra deckhands fearing that the ships on their way home might be weakly manned.(2) In addition to the usual complement of Master, the Master's mates, the boatswain, and the able seamen, the East Indiamen also carried certain extra hands, such as the cook, the carpenter, the cooper, the gunner, the armourer, and the surgeon.(3) It was, however, the common sailors who formed the most numerous and important category. But they were regarded by the Court of Committees - who shared this attitude with the contemporary Spanish and Portuguese writers about their sailors - as an unruly and undisciplined lot.(4) This contempt for the sailor found expression in the extremely poor rate of wages paid to them, being about £5 a year. It was usually customary for the common sailors to receive part of their wages in advance, called the 'impressed money.' But in 1623, the Court of Committees decided not to continue with the practice, as the sailors were frequently accused of abandoning ship and running away

(1) Court Book, IV, 32, October 10, 1617.

(2) Court Book, III, 311, December 14, 1614.

(3) The Laws or Standing Orders of the East India Company.

(4) Court Book, III, 25, February 1, 1614. Boxer, op.cit., p.11.

at Gravesend or the Downs after receiving the advance. This, however, caused a mutiny on board the Charles, the men refusing to weight anchor unless they were first paid their impressed money. In the end, the Company was forced to climb down, as it was considered 'that though they shall endanger some loss by delivering impressed, yet the loss would be far greater if the ship should lose the monsoon, which might be in hazard to be lost ere they can be fitted with new men.'(1)

By comparison the officers were far better off. The rates of pay for the master or the captain varied between £10 and £7 per month, while the chief mate or the master's mates received £4 per month.(2) The position of the master on the Company's ships was a most important one. For it was he who had the last word in deciding the ship's course and could even overrule the 'General' in navigational matters.(3) The Company took good care to see that only the experienced navigators were appointed to the master's place.(4) The number of shipwrecks which could be ascribed to lack of nautical skill was very small during the period under review. But there were exceptions, and such was the famous loss of the Ascension off the coast of India in 1609, for which the Master's obstinacy and inexperience was undoubtedly to blame.

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- (1) Court Book, VI, 200, October 20, 1623.
 - (2) Court Book, III, 410; IV, 44-45, 215, 227.
 - (3) For the "General's" duties see chapter VI.
 - (4) Court Book, III, 215; IV, 226, 227, 413.

The Ascension, which belonged to the Fourth Voyage, left the Thames in April 1608 in company with the Union and the voyage up to the Cape proved uneventful. But after leaving the Cape she first lost sight of the Union and then nearly ran aground off the island of Pemba through the miscalculation of the Master.(1) After wintering in the Red Sea, the ship reached the West coast of India to the Eastward of Diu in following August. The immediate circumstances of her loss can be best seen from the following description by an eye-witness:- (2)

"And the last ditto we came to anchor in 7 fathoms water in a place called Mua, in the Bay of Cambaya, at the Northern side, being farther shot into the Bay by 30 leagues than the Master expected, not knowing as then where we were, but sending our boat aland, we had speech with some of the people of the Country, who told us of all our danger, willing to send us for a pilot to Goga, which was some three days journey to go by land. But our proud and headstrong Master would not consent thereunto ... and our General being overruled by him insomuch that ... when within two glasses the Master commanded to bear up at E. and SE. & by E. which course we had not run $\frac{1}{2}$ a glass but we found again 7 fathoms, and still the Master let run! But before they could cast the lead again we were in 5 fathoms, and yet still he bid let run as if he had used the place all days of his life, and so, for the word was scarce out of his mouth, the ship struck, but the Master would not believe it, calling his mates and

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- (1) Purchas His Pilgrimages, vol.III, p.62; this account of the Fourth Voyage was written by Thomas Jones. For another example of a master's carelessness see the court martial of John Wood in 1621, Original Correspondence, VIII, 1021 December 29, 1621.
- (2) Letters Received, I, p.37, This letter is dated September 15, 1609, but is unsigned. (The periods in the quotation indicate words which are illegible.)

"others cowards, until such time as she struck away her rudder at the second time that she struck. Then he fell a cursing the merchants at home for getting such bad smiths, and cursed the smiths for putting such bad iron in the hooks of the rudder. In fine, we came to anchor in $4\frac{1}{2}$ fathoms in such a tide as the like is not unknown at London Bridge and a great sea withal."

The tale of this recklessness was concluded by another fellow-sufferer with the lamentation:

"Thus was this tall ship lost to the great hindrance of the Worshipfull Company, and to the utter undoing of all us the poor Mariners, being altogether overthrown with all the treasure and goods, both of the Merchants and the poor Companies being so far from our Native Country." (1)

As Professor Boxer has pointed out, an experienced pilot of the Portuguese carreira, when asked what was the best season for the departure of the Indiamen from Lisbon, is alleged to have replied: "The last day of February is time enough, but the first day of March is late." (2) Most of the English East India Company's ships, nevertheless, left the river at the beginning of March. Time and again, when the ship's husband or the shipwright had proved dilatory and delayed the departure of the fleet until April, the Court of Committees dwelt on the vital necessity of 'dispeeding' away the ships by the beginning of March at the latest. (3) Departure in the early spring allowed the outward-bound ships

(1) Purchas His Pilgrimages, vol.III, p.68.

(2) Boxer, op. cit., p.7, M.Faria y Sousa, Asia Portuguesa, III(1675), 367.

(3) cf. Court Book, XIII, 249-50, April 10, 1633.

to catch the SW monsoon in the Indian Ocean after rounding the Cape, which took them to the West coast of India in October or November. The whole voyage lasted some seven to eight months, although it was not wholly unknown for the ships to take very much less time. In 1626, for example, Captain Bickley reported to the Court that three years earlier the Hart had done the run from England to Jacatra in the record period of five months.(1) The sailing-course for the ships was practically standardized for the whole period. After leaving London, the ships straight proceeded to the Cape of Good Hope which was reached in June or July. Here, the men were refreshed for a few days and fresh provisions taken in when available. The next stop was usually made at the island of Madagascar or St Lawrence as it was called in those days. On the return voyage, the same course was followed, and in the 1620's and '30's the Company adopted the practice of despatching a ship with provisions specially for relieving the homeward-bound ships at the Cape. Just as the outward departure from the Thames was seasonal, so was that from the Indies. The Company gave strict instructions to their factors to dispeed away the incoming ships by the Christmas-tide in order to avoid the contrary winds at the Cape, although in effect the ships could not often be made ready and laden with

(1) Court Book, IX, 175, November 6, 1626.

merchandise before the first week in April.(1) In the earlier years, the Company had provided the captains and masters of its fleets with detailed sailing-directions known as the rutters, the English equivalent of Portuguese rotarios. In fact, the captain usually had two separate commissions, one from the King authorising him with powers of life and death on board the ships and the other from the Company. In 1614, the Court of Committees decided to have all ships' journals and logs copied into a special book and have the plots and charts compared with those made by the Portuguese to detect the errors.(2) However, with years as the Company's captains gained experience of the East India voyage, the need for such detailed instructions gradually diminished. In March 1628, for instance, it was concluded in Court 'to leave the success of the Voyage to God, without giving the Master any other direction than to direct this course as by his commission he is already ordered for Surat.' (3)

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- (1) Court Book, V, 447, June 14, 1622.
 - (2) Court Book, III, 166, July 16, 1614.
 - (3) Court Book, X, 319, March 24, 1628.

CHAPTER VIII. FINANCE

The purpose of writing this chapter needs a word of explanation. Thanks to the efforts of W.R.Scott and other historians, the financial history of the East India Company is far better known than any of the other branches of its activities during the first half of the seventeenth century. In attempting a fresh review of this history, one is naturally faced with the possibility of covering much of the ground already trodden before. At the same time, it must be pointed out that, although Scott showed the greatest insight into the seventeenth century methods of finance and system of accounting, he was more concerned with the general development of the Company's financial affairs, particularly in terms of percentage profits, rather than with the detailed examination of the types of problems encountered by the East India merchants in their daily struggle to maintain this trade and make it profitable. Broadly speaking, such problems can be divided into three categories. In the first place, there were the problems associated with the floating of stock; secondly the question of making some reasonable profit within a given period of time; and thirdly, the difficult task of maintaining the financial liquidity of the Company. This third factor which in many ways stemmed from the other two played a most important part in the financial history of the Company during the period under review.

We have to bear in mind that the East India Company's trading organisation both at home and abroad with its continual and heavy demand on liquid capital yet rested on very slender foundations in the form of financial institutions. In the absence of proper banking facilities and the undeveloped state of the credit mechanism, which accentuated further still the general shortage of all forms of finance capital, the Company experienced the utmost difficulty in raising money essential for its day to day business. The task became almost insuperable when the trade itself threatened to result in considerable loss. From a careful study of the Company's existing records, it is possible, we believe, to trace the Company's reactions to problems such as these and form some idea of the actual financial results of its commercial activities during the four decades of the period. But it is realised here that such an attempt must remain something in the nature of an additional commentary on what had already been said before by Scott.

However, when everything has been done, our knowledge of the full details of the Company's financial history would still be incomplete so long as the material available to us also remains insufficient. The blame for this cannot be ascribed to any lack of business efficiency on the Company's part. For the East India Company was most acutely conscious of the importance and value of scientific book-keeping and paid the greatest attention to proper classification of the

accounting systems. The practice generally followed by the Company was to arrange the books under two headings: domestic and foreign. The former included 'the great books of accounts for stock and employment,' which had they survived would have proved to be the most vital and important source of the Company's financial history, the books for the Treasurers' cash, both the money borrowed at interest and the ordinary receipts, and finally those for the shipyards, storehouses, and the payment of salaries to the Company's personnel. Under the heading of Foreign Accounts were arranged the books kept by the Presidents of Surat and Bantam (or Jacatra) as well as those of the factors employed by the Company in 'Christendom.'⁽¹⁾

Virtually the whole body of the ledger-books covering our period is now lost. Consequently, for calculating the amount of capital subscribed for each of the Separate Voyages or the Joint-Stocks and the profits made by them, the historian is dependent on three statements of account, drawn up at a later date. The most important of these, compiled by Jeremy Sambrooke, can be dated around 1654.⁽²⁾ Sambrooke had been in the Company's service since 1614, first as an assistant to Christopher Lanman, the Chief Accountant, to whose position he eventually succeeded,⁽³⁾ and he possessed the most thorough

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- (1) "A declaration how the East India Company's books may be kept from negligent errors and examined for the finding out of wilful escapes," Court Book, IX, 113-14, September 20, 1626.
- (2) Home Miscellaneous Series, vol. 40, p. 33.
- (3) Court Book, III, 259, November 2, 1614; VIII, 51, February 1, 1626.

knowledge of the East India Company's financial affairs. Of the other two, one is a summary of the total amount of capital received and expended for each year until 1619 and the other is a balance-sheet of the Second Joint-Stock.(1)

The results given in these accounts - which generally agree with each other - have been summarized in Table I on the following page. It will be seen that Jeremy Sambrooke merely records the amount of capital subscribed for each Separate Voyage or the Joint-Stocks and then gives the total percentage profit made on them. He neither specifies the period of time over which these profits were earned nor the methods followed by the Company in calling up the share-capital and paying out the dividends, since his readers were likely to be familiar with both. As the seventeenth century practice differed materially from the present-day company finance, it is important to keep both these points in mind if we are to form a realistic view of the actual financial reward gained by the average investor on the East India trade. To take only one example, the Tenth Voyage possessed a total paid-up capital of £46,092 in 1611, and the net profit made by this Voyage came to 148%. But the accounts of the Voyage were not cleared until 1617. Thus in order to calculate the annual rate of profit we must divide the total by the number of years the stock ran, which gives us $24\frac{2}{3}\%$. Considering

(1) Home Miscellaneous Series, vol. 39.

Table I. showing the capital subscribed for the Separate Voyages and the Joint-Stocks and the total profits, 1600-1642. *

| Year | Voyage | Capital | Profit |
|---------------|-----------------|----------------------------------|----------------------------------|
| 1601 | 1st Voyage | £68,373 | combined with the 2nd Voyage |
| 1603 | 2nd Voyage | £60,450 £128,823 | |
| | | | 95% |
| 1606 | 3rd Voyage | £53,500 | combined with the 5th Voyage. |
| 1607 | 4th Voyage | £33,000 | |
| | | | total loss |
| 1608 | 5th Voyage | £13,700+ (£53,500) £67,200 | 234% |
| | | | |
| 1609 | 6th Voyage | £80,163 | 121 $\frac{2}{3}$ % |
| 1610 | 7th Voyage | £15,634 | 218% |
| 1611 | 8th Voyage | £55,947 | 211% |
| 1611 | 9th Voyage | £19,614 | 160% |
| 1611 | 10th Voyage | £46,092 | 148% |
| 1611 | 11th Voyage | £10,669 | 230% |
| 1612 | 12th Voyage | £7,142 | 133 $\frac{11}{12}$ % |
| 1613- 1621 | 1st Joint-Stock | £418,691 | 87 $\frac{1}{2}$ % |
| 1617- 1632 | 2nd Joint-Stock | £1,629,040 | 121 $\frac{1}{2}$ % |

* This table is constructed, except where stated otherwise, from the accounts of Jeremy Sambrooke in Home Miscellaneous Series, vol. 40, and the "Abstract" in the same Series, vol. 39.

Table I, (continued)

| Year | Voyage | Capital | Profit (i) |
|---------------|--------------------|----------|---------------|
| 1628 | 1st Persian Voyage | £125,000 | 60% |
| 1629 | 2nd Persian Voyage | £150,000 | 80% (ii) |
| 1630 | 3rd Persian Voyage | £100,000 | 40% (iii) |
| 1631- 1642 | 3rd Joint-Stock | £420,700 | 35% |

(i) Court Book, XI, 337-46, March 2, 1629; XV, 57, October 3, 1634.

(ii) Court Book, XIV, 72, September 11, 1633; XV, 57.

(iii) Court Book, XII, 37, September 17, 1630; XV, 57.

Table II, The dividend declarations on the Separate Voyages.

| Voyage | 1614 | 1615 | 1616 | 1617 | 1618 |
|--------|-------|--------|------|-------|-------------------|
| | (i) | (ii) | | | |
| 3rd | 16% | 6% | - | - | - |
| | (iii) | (iv) | | | |
| 5th | 16% | 16% | - | - | - |
| | | (v) | | | (vi) |
| 6th | - | 100% | - | - | 6 $\frac{1}{3}$ % |
| | | (vii) | | | (viii) |
| 7th | - | 300% | - | - | 100% |
| | (ix) | | | (x) | |
| 8th | 300% | - | - | 11% | - |
| | | (xi) | | (xii) | |
| 9th | - | 150% | - | 50% | - |
| | | (xiii) | | (xiv) | |
| 10th | - | 100% | 100% | 48% | - |
| | (xv) | | | (xvi) | |
| 11th | 100% | - | - | 22% | - |
| | | (xvii) | | | |
| 12th | - | 100% | - | - | - |

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- (i) Court Book, III, June 8, 1614.
 (ii) Court Book, III, 423, May 12, 1615.
 (iii) Court Book, III, 115, June 8, 1614.
 (iv) Court Book, III, 423, May 12, 1615.
 (v) Court Book, III, 439, July 5, 1615.
 (vi) Court Book, IV, 183, July 3, 1618.
 (vii) Court Book, III, 475, September 8, 1615.
 (viii) Court Book, IV, 183, July 3, 1618.
 (ix) Court Book, III, 300, December 6, 1614.
 (x) Court Book, IV, 36, October 14, 1617.
 (xi) Court Book, III, 475, September 8, 1615.
 (xii) Court Book, IV, 66, November 18, 1617.
 (xiii) Court Book, III, 439, July 5, 1615.
 (xiv) Court Book, IV, 36, October 14, 1617.
 (xv) Court Book, III, 318, December 20, 1614.
 (xvi) Court Book, IV, 66, November 18, 1617.
 (xvii) Court Book, III, 439, July 5, 1615.

Table III, The payment of share-subscriptions and the dividend declarations on the 1st Joint-Stock.

| Year | Share-payments | dividend |
|------|---|--|
| 1613 | £106,000 | |
| 1614 | £107,000 | |
| 1615 | £107,000 | |
| 1616 | £109,000 (i) | |
| 1617 | | 87½% (ii) |
| 1618 | | - (iii) |
| 1619 | | 25% (iv) |
| " | | 12½% |
| 1620 | | 25% (v) |
| 1621 | (all assets transferred to the 2nd Joint-Stock) | 37½% owed to this stock by the 2nd Joint-Stock. (vi) |
| | | <hr/> |
| | | the total divisions 187½% |

- (i) "The abstract of the stock adventured by the Governor and Company of Merchants of London trading to East India begun in anno 1601 and continued to anno 1619 as well in their distinct as joint voyages," Home Miscellaneous Series, vol. 39. (It will be seen that the total amount of the capital subscribed over the four years is considerably more according to the "Abstract" than the figure given by Sambrooke.)
- (ii) Court Book, IV, 136, February 25, 1618.
- (iii) Court Book, IV, 299, February 23, 1619.
- (iv) Court Book, IV, 407, September 10, 1619.
- (v) Court Book, IV, 557, April 4, 1620.
- (vi) Court Book, V, 124-25, October 12, 1621.

Table IV, The payment of share-subscriptions and the dividend declarations on the 2nd Joint-Stock.

| Year | share payments | dividend | borrowing |
|---------------------|--------------------|---|--------------|
| | (i) | | |
| 1617 | £200,000 | | |
| 1618 | £204,000(ii) | | |
| 1619 | £400,000(iii) | | |
| 1620 | (£200,000) | | |
| 1621 | £200,000(iv) | $6\frac{1}{4}\%$ (v) | £170,000, |
| 1622 | (£200,000) | $12\frac{1}{2}\%$ (vii) | of this |
| 1623 | - | $6\frac{1}{4}\%$ (viii) | £100,000 |
| 1623 | | $12\frac{1}{2}\%$ (ix) | owed to the |
| 1624 | - | $6\frac{1}{4}\%$ (x) | 1st Joint- |
| 1624 | | $6\frac{1}{4}\%$ (xii) | Stock. (vi) |
| 1625 | (the last payment) | $6\frac{1}{4}\%$ (xiii) | |
| 1626 | | $12\frac{1}{2}\%$ (xiv) | |
| 1627 | | - | £200,000(xv) |
| 1628 | | - | |
| 1629 | | $12\frac{1}{2}\%$ (xvi) | |
| 1630 | | $6\frac{1}{4}\%$ (xvii) | |
| 1631 | | $12\frac{1}{2}\%$ (xviii) | |
| 1632 | | $12\frac{1}{2}\%$ assigned on the 3rd Joint-Stock. (xix) | |
| the total divisions | | $112\frac{1}{2}\%$ | |

Reference to Table IV.

- (i) The "Abstract", Home Miscellaneous Series, vol. 39.
- (ii) Court Book, IV, 132, February 4, 1618.
- (iii) Court Book, IV, 304, February 26, 1619.
- (iv) Court Book, V, 390, April, 10, 1621.
- (v) Court Book, V, 121, October 21, 1621.
- (vi) Court Book, V, 384, March 29, 1622.
- (vii) Court Book, V, 361, March 1, 1622.
- (viii) Court Book, VI, 35, July 25, 1623.
- (ix) Court Book, VI, 95, August 29, 1623.
- (x) Court Book, VII, 11, July 9, 1624.
- (xi) Court Book, VII, 88, August 25, 1624.
- (xii) Court Book, VII, 97, August 27, 1624.
- (xiii) Court Book, VIII, 168, November 30, 1625.
- (xiv) Court Book, IX, 274, December 19, 1626.
- (xv) Court Book, IX, 481, April 4, 1627.
- (xvi) Court Book, XI, 265, January 19, 1629.
- (xvii) Court Book, XII, 13, July 9, 1630.
- (xviii) Court Book, XIII, 12, July 9, 1632.
- (xix) Court Book, XIV, 353, June 20, 1634.

that the usual rates of interest in London at this time varied between 8% and 10%, the results were extremely lucrative. In actual fact, careful investigation into the accounts of this Voyage, as recorded in the Court Minutes, reveals that they were even more favourable than at first sight it appears. For the Company declared one capital or a division of 100% on it as early as 1615 and followed it up by two more divisions of 100% and 48% each during the next two years. Retrospectively, this meant that the capital was paid back in four years and was available for re-investment.(1) Admittedly there was a considerable element of uncertainty over ventures such as these and the risks were great. But that nevertheless did not detract anything from the solid gains made by the fortunate investor who bought the shares at par and retained them throughout the period until the affairs of the Voyage were wound up.

As we can see from Table I and II, with the exception of the Fourth Voyage which resulted in loss, the financial rewards of the Separate Voyages were very high. During the earlier years, however, the Company experienced some difficulty in raising the necessary capital. Before the ships of the First Voyage could sail for the Indies, repeated injunctions had to be obtained from the Privy Council for inducing the underwriters to pay up their subscriptions, and even so the

(1) cf. Table II,

Court of Committees had to offer additional attractions by declaring that those who paid the full £240 on a unit of share would be credited with £260 in the stock.(1) As Scott has pointed out, this virtually amounted to issuing stock at a discount. Although the Company made efforts to raise capital for a second Voyage in 1601-2, it was not till the ships had returned in 1603 that it was able to start preparations for another venture. The loss of the Court Book for this period makes it difficult to follow the exact proceedings, but a law-case on partnership dating from 1608, recorded in the Court Minutes for that year, throws some light on the way the Company financed the Second Voyage. It seems that the shareholders holding stock worth £250 were each asked to contribute another £200 for paying the wages of the ship's crew and equipping the vessels for a fresh voyage, and the Company declared two divisions of 5,339 lb of pepper each on a total stock of £450.(2) Scott was apparently unaware of this passage which provides an effective answer to the question raised by him as to "whether a new capital of £60,450 was subscribed and paid in or whether the adventurers in the former voyage were given the option of transferring their stock from the first to the second expedition, and having it doubled."(3) For it was precisely

(1) The First Letter Book, p. 1, January 1601, cf. W.R. Scott,

(2) The constitution and finance of...joint-stock companies to 1720, vol. II, p.94.

(3) Scott, op. cit., vol.II, p.98.

the second alternative which the Company adopted with minor modification. The accounts of the two voyages were amalgamated and when finally closed in 1609 the profits were found to be 95% after the original capital of £128,823 had been paid back. (1)

The stocks for the other voyages were floated with much less difficulty, as the success of the first two voyages had raised hopes of high profits that could be made on the East India trade. Nor were these expectations disappointed. Some idea of the level of yields can be gathered from Table II, in which an attempt is made to set out the dates and amounts of divisions declared by the Company on the Separate Voyages in so far as we are able to trace them from the Court Minutes. These are not complete for all the expeditions, and occasionally there are discrepancies between the totals arrived at from the Court Books and those given by Sambrooke. For example, in the case of the Seventh Voyage the total number of divisions at 400% is considerably in excess to Sambrooke's figure of 318%. Again, in 1617, a dividend was declared on the Ninth Voyage making up a total of 200% or two capitals. But it was stated by the auditors that the remainder of the capital belonging to the Ninth Voyage, amounting to some £20,000, should be turned over to the First Joint-Stock on condition that the latter paid to the shareholders out of

(1) cf. Table I, also Court Book, II, fol. 107, February 8, 1609.

its future dividends the difference to make up three capitals or a total division of 300%.(1) Sambrooke's figure of 260% would suggest that only 60% was eventually paid.(2)

That Sambrooke is generally accurate we have already seen from the dividend declarations on the accounts of the Tenth Voyage recorded in the Court Minutes. We have another opportunity of checking his figures from those of the Eighth. In 1614, the shareholders of this Voyage received back their capital together with a profit of 200%, and this was followed by a final payment of 11% in 1617; so that the total of 311% exactly correspond to Sambrooke's profit percentage of 211%.(3) With an annual rate of profit at over 66% this Voyage was even more lucrative than the Tenth. Unfortunately, the gaps in the records have made it impossible to calculate the annual rates for all the voyages, and we have also to take into account the fact that the shares frequently changed hands at prices varying according to the results expected out of a particular venture. Normally, the question of price was a matter of individual bargaining and in the Court Minutes only the names of the parties involved in the transfer of stocks are recorded. But sometimes shares were sold in the Company's Court of Sales by candle-auction with the object of testing the market price. Thus in July 1601, the shares of

(1) Court Book, IV, 68-70, November 18, 1617. cf. Table I & II.

(2) cf. Table I & II.

(3) cf. Table I & II.

the First Voyage were selling below par at a discount of 10%.(1) But in 1614, some shares of the Sixth Voyage, on which no dividend had yet been paid, changed hands at 216 $\frac{2}{3}$ %. (2) Since the Sixth Voyage eventually realized 121 $\frac{1}{3}$ % profits, being wound up in 1618, the purchaser at this price gained an annual yield of just over 14%. Again, later in the same year, the auditors reported to the Court of Committees that the accounts of the Ninth Voyage fell short of £1,000, and the directors decided to raise this sum by issuing £600 worth of stock in £100 units which were purchased at a price varying from £192 to £194.(3)

From the historian's point of view the accounts of the First Joint-Stock are perhaps the most satisfactory ones. There are, it is true, tantalizing gaps. For example, we know that by 1615 the Company had accumulated large debts for equipping the fleets and had anticipated the future payments of share-capital. It would have been interesting to know whether the interests on such debts were included in the balance-sheet of this Joint-Stock when the net profits were being calculated, or whether they were carried over into

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- (1) Court Book, III, 175, July 22, 1614. It was not stated explicitly in this case whether any dividend had been paid or not. But as the share belonged to a factor who had died in the Indies, it is assumed that nothing had yet been paid. It was the practice of the Company to pay dividend on the stock held by its factors when they returned home, sometimes allowing them interest of 10% since the date of the last payment of dividend.
- (2) The dawn of British trade to the East Indies, p. 181.
- (3) Court Book, III, 328, December 30, 1614.

the accounts of the next stock as permanent liabilities.(1) Although the exact details of the Company's financial transactions are lost to our knowledge, we can nonetheless form a fairly accurate estimate of the results achieved by the First Joint-Stock. The reason for abandoning the system of Separate Voyages was stated by Sambrooke to have been the strife and confusion among the factors of the different ventures acting for their respective masters in the Indies.(2) Whatever the reasons, the Company had little difficulty in raising a large amount of capital. When the subscription-books were finally closed in 1613, the total underwriting came to £418,691. One of the peculiarities of the East India Company's financial methods - a reflection perhaps of the prevailing lack of liquid capital - was that the total amount of the subscribed capital was not called up at once.(3) It was decided to spread the payments of the First Joint-Stock over a period of four years, which was also to be duration of the stock, and call up 25% of the total each year. Thus by 1616 the capital was fully paid up; but its financial affairs were not finally wound up until 1621, so that for the last four

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- (1) In 1621, there was considerable discussion whether the Second Joint-Stock should answer the losses of the First. It was also objected in 1618 by those who had taken out their dividends in pepper that no more money should be borrowed to pay dividends in money to those who would not take out their capitals in goods, as the interest on such debts put an unfair burden on the former. Court Book, V, 108, October 4, 1621; IV, 199, September 11, 1618.
- (2) Home Miscellaneous Series, vol. 40, p. 33.
- (3) The other factor may have been that the total capital was considered too large to be used at once.

years of its existence there were two separate stocks running side by side.

The first instalment of dividend on the First Joint-Stock appears to have been paid sometime between 1616 and 1617. For in February 1618 some shares of this stock were sold at $214\frac{1}{2}$ - 218% on which three capitals and a half had already been taken out.(1) The term 'capital' was used with reference to the Joint-Stock in a sense different from that applied to the accounts of the Separate Voyages. It refers not to the whole amount of the capital subscribed for the Joint-Stock but merely to the units called up every year. Since one capital amounted to 25% of the total stock, three and a half capitals thus came to $87\frac{1}{2}\%$. During 1619 the Company declared a further dividend of $1\frac{1}{2}$ capitals ($37\frac{1}{2}\%$), which brought the total divisions to 125%. The shareholders thus made a profit of 25% in seven years. It must, however, be emphasised that the payments of divisions were not regular for all the shareholders, especially the non-merchant members of the Company who waited to take out their dividends in money fared considerably worse than those who took them out in goods. The latter not only had the benefit of time but also made an extra profit by retailing goods at a price higher than that set by the Company.(2) It is true that the directors tried whenever they could to 'hold an equal hand

(1) Court Book, IV, February 25, 1618.

(2) The converse side of the picture was that they could also loose money if the market was unduly depressed.

with all men,' and in 1618 they decided that "such as have taken out only one capital in money shall, if they please take out so much in pepper now as may equal them that have had $3\frac{1}{2}$ in goods...whereby it shall appear to be their own fault if they long be out of their money than they expect or wish."(1)

After 1619, the progress of the stock was slow and it yielded only another direct dividend of 25%. In 1621, after lengthy negotiation with the shareholders of the two parallel Joint-Stocks the assets of the First were transferred to the Second with the proviso that the latter would allow to the former a further dividend of $1\frac{1}{2}$ capital ($37\frac{1}{2}\%$). This meant that the First Joint-Stock made a total profit of $87\frac{1}{2}\%$.(2) But it is uncertain exactly when the Second Joint-Stock paid the £150,000 or so owed to the First Joint-Stock, although it was provided in the agreement that the payment was to be made in eight half-yearly instalments.(3) If we reckon that the First Joint-Stock took some twelve years to earn the total profit of $87\frac{1}{2}\%$, this gives us the annual rate of profits at $7\frac{1}{4}\%$. But allowing for the fact that the total capital

(1) Court Book, IV, 199, September 11, 1618.

(2) cf. Table III. The First Joint-Stock was reckoned to have made $7\frac{1}{2}$ capitals. Calculating 1 capital at 25% we get the total of $187\frac{1}{2}\%$ which exactly corresponds to the figure of Jeremy Sambrooke. This bears out the interpretation of the term 'capital' given on p.368

(3) In 1622, the Second Joint-Stock still owed to the First £100,000. Court Book, V, 384, March 29, 1622.

was not called up at once and that it was paid back in full in six years, the result in the end was better than it appears on paper. However, those who had purchased shares at a high price after 1619 made heavy losses since they received only 62½% on their capital.

If the history of the First Joint-Stock was fairly smooth and straight-forward, though financially not entirely satisfactory, that of the Second Joint-Stock was a near disaster for the Company. In Chapter II, we have seen that the decade 1620 to 1630 was one of very great difficulty for the East India Company. The losses suffered by the Second Joint-Stock were the most direct expression of it. It is not easy to determine any definite reasons why the high profits of the first two decades should have turned to heavy losses in the third. One of the factors undoubtedly was the practice of conducting the trade on terminable stocks which entailed a quick turn-over of capital if a fairly high profit was to be made. Consequently, when the actual returns from the Indies proved inadequate, the directors were forced to borrow money at eight to ten per cent. interest in order to satisfy the continual clamour of the shareholders for dividends. In the late 1620's when the Company spent much time in painful self-examinations, the causes of the damage which had befallen the Second Joint-Stock were thought to be four:

"First, the injurious proceedings of the Dutch; Secondly,

"the extraordinary charge of shipping for defence of the trade; thirdly, the great interest that hath lain upon the Stock from the beginning; and fourthly, the loss of ships at sea." (1)

The financial results of the Second Joint-Stock during the fifteen years of its life has been summarized in Table IV. It is necessary here to point^{out} that Scott's method of calculating the average annual rate of profit made by the English East India Company between 1617 and 1630 is not a valid one, and his estimate of the yearly average of 3% gives quite a misleading impression of the East India Company's gains. He stated that "the whole divisions on the Second Joint-Stock were only 112½ per cent. or a profit of 12½ per cent for at least thirteen years," but that "it would be a mistake to conclude that the average annual dividend from profits was under 1 per cent., since only one-eighth of the nominal capital was called up during each of the first five years of this stock." (2) In actual fact, as we can see from Table IV, it was not till 1632 that the Company managed to pay back just the capital; so that the duration of the stock was fifteen years and not thirteen. Moreover, the profit of 12½% was merely on paper, since the shareholders of the Second Joint-Stock were only promised a share of 12½% out of the profits of the Third Joint-Stock in return for turning over their remaining stock in the Indies to the latter. (3)

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- (1) Court Book, XI, 56, August 13, 1628.
 - (2) Scott, op. cit., vol. I, p. 195-96.
 - (3) Court Book, XIV, 353, June 20, 1634.

The magnitude of the financial loss suffered by the investors of the stock can be seen very clearly from a memorandum prepared for the Government in May 1637, in which it was pointed out that 'the last Joint-Stock in fifteen years made but one capital of clear gain; therefore interest was lost the whole time.' Some of the merchants, it was said, who took out their adventures in commodities, made a better account, and 'these were the chief upholders;' the rest suffered more.(1)

The poor returns made by the trade in the third decade presented the Company - apart from the ultimate effects on investment - with the most acute problems of maintaining its liquidity. The Second Joint-Stock began operation in 1617 with a nominal capital of £1,629,040, which, it was resolved, was to be paid over a period of eight years in instalments of $12\frac{1}{2}\%$ or about £200,000 each year. In 1619, however, the Company found it necessary to call up two payments amounting to £400,000, because of the losses inflicted by the Dutch in the East Indies and extra expenditure entailed by the foundation of the Persian trade.(2) Thereafter, the Company's financial position deteriorated rapidly, and with the progressive reluctance of the shareholders to part with their money, severe pressure had to be brought on them to make

(1) (PRO) East Indies, vol. IV B, Nos. 39-41.

(2) Court Book, IV, 509, February 4, 1620.

regular payments. By 1622, the total debt had mounted to £170,000. The increasing exasperation of the Treasurer at the chaotic financial state of the Company is vividly illustrated from an incident mentioned in the Court Minutes when the Chief Treasurer, Robert Stone, threatened the Court that unless $6\frac{1}{4}\%$ of the nominal capital was paid in urgently they should 'receive their keys and papers, and ordain new treasurers.'(1) The officials responsible for the Company's financial affairs were only too well aware of the folly of borrowing money at interest when the share-capital itself remained unpaid. In the autumn of 1623, Robert Stone again proposed that a further instalment of capital should be brought in, since the Company's cash receipts only came to £77,000 which fell far short of what was necessary for paying the next dividend and the old debts. But the Court of Committees this time thought "that it is now too long driven to call for a Michaelmas payment, and that the returns having been such last year and this, have bred an expectation in many of thicker dividends rather than of more payments."(2)

Although the Court of Committees did not cease trying to persuade the general subscribers to pay in their shares in full, it was nevertheless recognised by 1626 that out of a total arrear of £79,000 some £50,000 was irretrievably lost,

(1) Court Book, V, 384, March 29, 1622.

(2) Court Book, VI, 136, September 24, 1623.

and that no further payments were to be expected from the shareholders.(1) In September, the Treasurer asked the Court to consider seriously how further capital might be raised as large sums of money would soon be necessary for the payment of the officials' wages, the honorarium for the Governor, the Deputy, and the members of the Committees, the interest on the debt of £210,000 at 8%, 'besides uncertain payments daily issued for mariners' wages, provisions, building and repairing ships at Blackwall, house rent at London and Deptford and interest on debts paid ante diem.'(2) It has been noted before that the directors attempted to raise ready money at this period by the direct sale of their commodities, especially pepper.(3) But much of the essential day to day expenditure was financed through short-term borrowing, which raised the Company's total debt by another £50,000 to £270,000 before the end of 1626.(4) For the next two years the Court tried valiantly but in vain to prolong the Joint-Stock.(5) By February 1628, the directors were almost at their wit's end and were faced with the unpleasant alternative of either ceasing trade altogether

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- (1) Court Book, VIII, 435, May 16, 1626.
 - (2) Court Book, IX, 120, September 27, 1626.
 - (3) see Chapter IV, p.154
 - (4) Court Book, IX, 271, December 19, 1626.
 - (5) One of the proposals was to make a call of 5% or 10% upon every share. But the Court 'thought it vain to attempt this course, every man being so disheartened as they would rather assent to stay three or four years for their money than to part with any more be it never so little.' Court Book, X, 81, September 19, 1627.

or taking drastic measures for raising money. In the end, it was decided that "in regard of the scarcity of monies within the Land by means whereof the same cannot be taken up at interest as formerly, that the Company therefore do take up here by bills of exchange to the value of £20,000 to be charged for Amsterdam, Antwerp, and Venice at usance or double usance.' The new debts, which it was estimated would come to a total of £50,000, were to be secured against the value of the ships.(1)

Throughout the summer of 1628 the continuation of trade and the financial problems associated with it formed the principal subject of discussion of a special Mixed Court, which was composed of a Select Committee of the Generality and the Court of Committees. In June, three alternative courses were proposed by this Mixed Court and laid before the General Court. It was suggested that the trade might be continued upon the old stock, that an altogether new stock might be raised, or again they could adopt the practice of the Levant Company and organise it on a regulated basis with consuls. In proposing the three alternatives, the Mixed Court clearly recommended the first, which also proved to be the choice of the General Court. It was resolved that a call of $6\frac{1}{4}\%$ was to be made on every shareholder; those who did not want to subscribe the extra assessment were to have

(1) Court Book, X, 289-90, February 22, 1628.

their interests bought out for four half capitals.(1) Two weeks later, however, the Governor reported to another meeting of the General Court that though the subscription-books had been sent round the total underwriting came to no more than £12,000 instead of £66,000 at least as expected. Reluctantly, the General Court consented to opening subscriptions for a Third Joint-Stock.(2) But this was no more successful than the first device, although Lord Carleton, the Secretary of State, himself appeared in Court and declared that "seeing the Trade was begun so long time since, if now it should be relinquished, it would be damnum cum vituperio, a disgraceful loss."(3)

The failure of the East India Company to raise a new stock in 1628 was clearly the expression of a lack of confidence on the part of the smaller investors at the way the trade had been carried on in the last ten years or so. But as the principal merchants in the City were unwilling to abandon the trade altogether, they adopted the system of ad hoc voyages once again and raised capital separately for what later came to be known as the three Persian Voyages. The First Persian Voyage which raised a stock of £125,000 in 1628 was sponsored by some 48 underwriters and the size of the individual shares varied between £500 and £3000 each.(4)

(1) Court Book, X, 398-405, June 10, 1628.

(2) Court Book, X, 414-17, June 25, 1628.

(3) Court Book, XI, 1-2, July 2, 1628.

(4) Court Book, XI, 21, July 16, 1628; 191, December 15, 1628.

In the following two years the Company succeeded in raising £150,000 and £100,000 respectively for two additional voyages.⁽¹⁾ The old Joint-Stock in the meanwhile carried on operations on a much reduced scale with money borrowed at interest. (2)

The financial results of the three Persian Voyages were strikingly different from those of the Second Joint-Stock, although the profits did not reach the proportions of the earlier Separate Voyages. When the accounts were closed in 1634, it was found that the First Voyage had made a total divisions of 160%, the Second 180%, and the Third, the least successful one, 140%.⁽³⁾ If the success of the Persian Voyages demonstrated conclusively the advantages of trading on the basis of ad hoc expeditions to the Indies, the Company nevertheless was not disposed to regard them as anything more than purely temporary expedients. For with the floating of the Third Joint-Stock in 1631, all doubts as to what were the best financial arrangements for conducting the East India trade came to an abrupt and decisive end. The wisdom of operating only on one single stock was confirmed again by the inextricable confusion which resulted in the accounts of the various different voyages running simultaneously, a factor that was directly responsible for the amalgamation of the undistributed assets of the Persian Voyages with the Third Stock

(1) See Table I.

(2) Court Book, XI, 337-46, March 2, 1629; XII, 233, May 6, 1631.

(3) Court Book, XV, 57, October 3, 1634,

in 1634.(1)

But the immediate circumstances under which the Third Joint-Stock was launched are somewhat obscure owing to the loss of the Court Minutes for this period. In the first half of 1631, the Court of Committees tried though unsuccessfully to raise capital for a fourth Persian Voyage. It is something of a mystery why this should have failed when investors were apparently prepared to underwrite more than £150,000 in ready cash towards the formation of a Third Joint-Stock. One explanation to the course of events is provided by the Minutes of a General Court held on May 20, 1631, when the Governor proposed that, since the ships of the old stock which had recently arrived from the Indies had left a debt of £60,000 at Surat, the assets brought home should be sent out again with a 'quick-stock' of another £40,000. His proposal was supported by another member of the Generality, Sir William Russel, who urged that a new stock of £200,000 should be raised this year which should also take over all former stocks and voyages.(2) In the event, the total nominal capital of the Third Joint-Stock which came to £420,700 according to Sambrooke was made up by the assets remaining to the old Stock, £43,000 contributed by the shareholders of the Persian Voyages out of their profits, and the rest by subscriptions raised directly.⁽³⁾

(1) Court Book, XV, 57, October 3, 1634; 49, September 19, 1634.

(2) Court Book, XII, 252-58, May 2, 1631.

(3) Court Book, XIV, 354, June 20, 1634; XV, 98, November 21, 1634.

Although the Third Joint-Stock started off under fairly favourable conditions at home, the Court of Committees were determined not to repeat the mistakes of the previous stock. In 1634, the Governor declared to the shareholders in the Quarterly General Court that "they must not expect for a year or two any division upon the Old Stock, for it was the policy and wisdom of the Hollanders by this way to advance the small stock which they raised at first to that greatness which now it is, by forbearing divisions, which course, if this Company observe, he doubted not to improve it for the good of the Company." (1) Accordingly, the first division of 25% was not made until sometime between 1637-39 (2), and by the autumn of 1640 the Company had divided only 105%. When the accounts were finally closed in 1642, the total profit came to 35%, which provided an annual yield of $3\frac{1}{2}\%$ considering that the stock had run for ten years. (3) If the results of the Third Joint-Stock were not as lucrative as it had been hoped, this was partly due to the disruption of the Surat trade owing to the famine in Gujarat and partly to the disturbed conditions at home. With the opening of the Civil War, the Company's

-
- (1) Court Book, XIV, 354, June 20, 1634.
 - (2) The volume of Court Book for this period is missing. But we know that at the beginning 1640 shares of the Third Joint-Stock were being sold on which 25% had been taken out in cloves. Court Book, XVII, 133, February 12, 1640.
 - (3) Court Book, XVII, 130, February 7, 1640; 279, September 2, 1640; XVIII, 220, October 14, 1642.

financial fortunes declined progressively, culminating in the virtual collapse of the 1650's. It was not till the grant of a new charter by Cromwell in 1657 that the East India Company once again succeeded in organizing its trade on a secure financial footing.

APPENDIX ATable I. The Exports of the East India Company in money and goods.

| Year | Money | Goods |
|--------|--------------------|-------------|
| 1601 | £21,742 | £6,860 |
| 1603 | 11,160 | 1,142 |
| 1606 | 17,600 | 7,280 |
| 1607 | 15,000 | 3,400 |
| 1608 | 6,000 | 1,700 |
| 1609 | 28,500 | 21,300 |
| 1610 | 19,200 | 10,081 |
| 1611 | 17,675 | 10,000 |
| 1612 | 1,250 | 650 |
| 1613 | 18,810 | 12,446 |
| 1614 | 13,942 | 23,000 |
| 1615 | 26,660 | 26,065 |
| 1616 | 52,087 | 16,506 |
| 1617) | | |
| 1618) | | |
| 1619) | 298,000 | 152,000 (i) |
| 1620 | 62,490 | 28,508 |
| 1621 | 12,900 | 6,523 |
| 1622 | 61,600 | 6,430 |
| 1623 | 68,720 | 17,345 (ii) |
| 1626 | 60,000 rials (iii) | |
| 1629 | £200,000 | £8,000 (iv) |
| 1631 | 16,500 | 53,500 (v) |
| 1633 | 115,900 | 45,800 (vi) |
| 1634 | £20,000+ (vii) | |
| 1635 | 100,000 (viii) | |
| 1636 | 35,000+ | |
| | 30,000 (ix) | |
| 1638 | 20,000 (x) | |
| 1640 | 40,000 rials (xi) | |

APPENDIX ATable II. Some rates of exchange between European, English, and Indian currencies.

| | |
|------------------------------------|---|
| Rial of eight (Seville)= 4s 6d + - | = 4 mahmudi 23 $\frac{1}{2}$ pices (1m = 1s) |
| Rial of eight (Mexican)= " | = 4m 21 pices |
| Lion dollar of Holland = 4s | = 4 m2 $\frac{1}{2}$ pices |
| Zealand dollar = 2s 8d | = 3 $\frac{1}{4}$ m |
| Rixdollars = 4s 6d | = 5m |
| Venetian dollar = 4s 6d | = 5m |
| Ambertin gold = £3 6s 10d per oz | = 28 $\frac{1}{2}$ m the tola (1 tola= 180 grains troy) = £3 15s 3d |
| Dutch Riders = £3 6s 8d per oz | = 29m per tola =£3 15s 3d |
| Hungarian ducats = £3 13s 0d " | = 31 $\frac{1}{4}$ m per tola =£4 0s 0d |
| Double Pistolet = £3 8s 3d " | = 29m per tola =£3 15s 3d |
| English 20s piece | = 21 $\frac{3}{4}$ m (xii) |

Reference Notes to Appendix A, Table I and II.

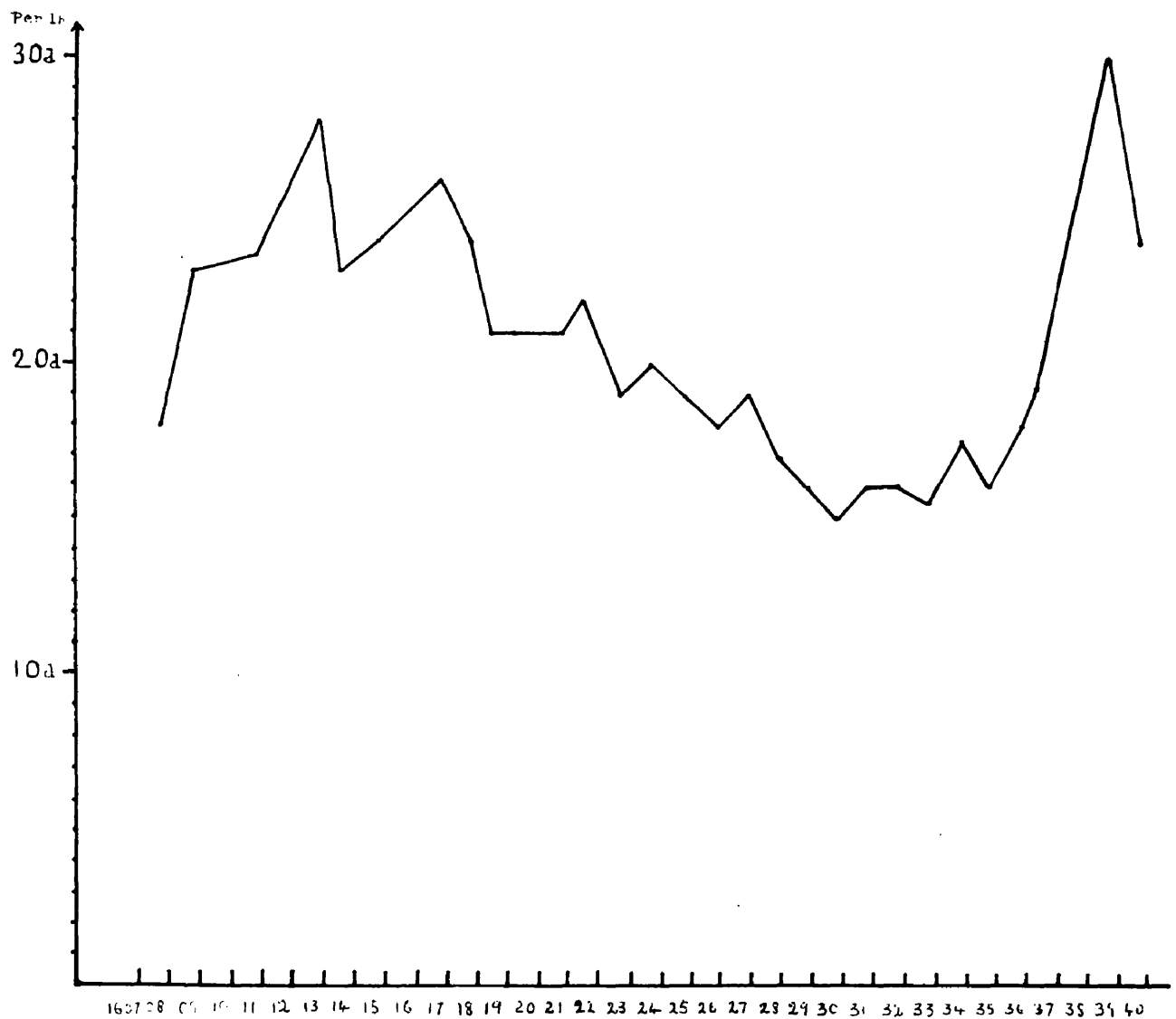
- (i) Home Miscellaneous Series, vol.39, p.124.
- (ii) John Bruce, Annals of the East India Company, 1810.
- (iii) Court Book, VIII, 261, February 15, 1626.
- (iv) Court Book, XI, 394, April 13, 1629.
- (v) Court Book, XII, 37, September 17, 1630.
- (vi) Letter Book, I, 78, March 16, 1633.
- (vii) Court Book, XV, 29, August 20, 1634.
- (viii) Court Book, XV, 90, November 12, 1634.
- (ix) Court Book, XVI, 74; 107; 149-50.
- (x) Letter Book, I, 142, March 16, 1638.
- (xi) Court Book, XVII, 41-42, September 13, 1639.
- (xii) Factory Records, Surat, cii, 192, December 1, 1622;
Original Correspondence, XI, 1241, November 29, 1626.

APPENDIX B

Table I. Imports of pepper, the cost price in the Indies
and the dividend price in London.

| Year | Quantity | Cost price | Dividend price |
|------|-------------------|-------------------|----------------------------|
| 1603 | 1,030,000 lb (i) | | |
| 1606 | - | | |
| 1609 | 419,580 (ii) | | 21-23d per lb |
| 1610 | - | | |
| 1611 | - | | |
| 1613 | 999,749+ (iii) | | 28d |
| 1614 | 597,320+ (iv) | | 23-21d (June) |
| 1615 | 510,380+ (v) | | 21-24d (Sept) |
| 1616 | 783,062+ (vi) | 23,450 Rials | |
| 1617 | 1,748,057+ | 133,527 Rs (vii) | 25-26d (Sept) |
| 1618 | 1,482,500 | 79,519 Rs (viii) | 22-24d (Sept) |
| 1619 | 291,940 | 18,651 Rs (ix) | 21d (May) |
| 1620 | (480,000) (x) | | 20-21d (Feb) |
| 1621 | 980,125 | 75,855 Rs (xi) | 20-21d (Oct) |
| 1622 | 1,614,875 | 134,536 Rs (xii) | 21-22d (May) |
| 1623 | 1,057,250 | 83,753 Rs (xiii) | 19d (July) |
| 1624 | 1,658,008+ | 132,428+Rs (xiv) | 19-20d (Aug) |
| 1625 | 1,269,540 | 111,308 Rs (xv) | 18-19d (Oct) |
| 1626 | 2,927,850+ | 111,667+Rs (xvi) | 18d (Dec) |
| 1627 | 1,237,780 | 84,802 Rs (xvii) | 18-19d (Dec) |
| 1628 | 1,111,821 | 37,646 Rs (xviii) | 17d (Dec) |
| 1629 | 1,065,055 | 68,577 Rs (xix) | 16d (Dec) |
| 1630 | 790,125 | 52,565 Rs (xx) | 15d (Oct) |
| 1631 | 454,888 (xxi) | | 16d (Oct) |
| 1632 | 1,072,000 (xxii) | | 16d (Sept) |
| 1633 | 1,750,000 (xxiii) | | 15 $\frac{1}{2}$ d (Sept) |
| 1634 | 480,000+ (xxiv) | | 17 $\frac{1}{2}$ d (Oct) |
| 1635 | 860,000+ (xxv) | | 16d (Sept) |
| 1636 | 974,220 (xxvi) | 59,958 Rs | 18d (Nov) |
| 1637 | - | | 19 $\frac{1}{4}$ d (March) |
| 1638 | 885,749 (xxvii) | 53,681 Rs | |
| 1639 | - | | 30d (Aug) |
| 1640 | 600,000+ (xxviii) | | 24d (Aug) |

THE PRICE OF PEPPER IN LONDON



Reference Notes to Appendix B, Table I.

- (i) The First Letter Book, p.27.
- (ii) Letters Received, I, pp.19-21.
- (iii) Letters Received, I, p.289, II, p.1.
- (iv) Letters Received, II, p.14.
- (v) Letters Received, II, pp.287-89, 313,335-36.
- (vi) Home Miscellaneous Series, vol.39, p.124.
- (vii) H.M.S., 39, p.124.
- (viii) Ibid.
- (ix) Ibid.
- (x) This was sold in Court on February 4, 1620, Court Book, IV, 509.
- (xi) H.M.S., 39, p.124.
- (xii) Ibid. O.C., VIII, 1039.
- (xiii) Ibid.
- (xiv) Ibid. O.C., X, 1133.
- (xv) Ibid.
- (xvi) Ibid. Calendar of S.P.Venetian, vol.20, p.13, October 1626.
- (xvii) H.M.S., 39, p.124.
- (xviii) Ibid., and invoice in O.C., XI, 1264.
- (xix) H.M.S., 39, p.124.
- (xx) Ibid.
- (xxi) Marine Records Miscellaneous, IV, No.14, O.C.,XII, 1335, December 1630.
- (xxii) O.C., XIII, 1410, December 22, 1631; 1420, January 30, 1632; Court Book, XIII, 175-76, January 18,1633.
- (xxiii) Court Book, XIV, 78-85, September 13, 1633.
- (xxiv) Court Book, XV, 39, September 3, 1634.
- (xxv) Court Book, XV, 239, May 29, 1635; XVI, 46, September 25, 1635.
- (xxvi) O.C., XV, 1552, January 31, 1636.
- (xxvii) O.C., XV, 1582, December 30, 1636.
- (xxviii) Court Book, XVII, 248, August 1, 1640; PRO, Domestic Charles I, CCCCLXXIII, No.83, December 21, 1640.

Appendix BTable II. Pepper sold for the First and Second Joint-Stock.*

| <u>1st Joint-Stock:</u> | | |
|-----------------------------|------------|--------------|
| Quantities sold | Price | total value |
| 751,616 lb | 26d per lb | £82,168-13s |
| 1,955,306 | 26d | £212,961-8s |
| 1,312,516 | 22d | £119,228-10s |
| 229,562 | 18d | £ 17,072-9s |
| <hr/> | | |
| 4,249,000 lb | | £431,431 |
| <u>2nd Joint-Stock:</u> | | |
| 984,395 | 19d | £80,263 |
| 1,624,229 | 19½d | 134,580 |
| 546,875 | 17½d | 40,474 |
| 510,375 | 17½d | 37,565 |
| 1,400,000 | 20d | 117,000 |
| 1,152,000 | 18d | 86,400 |
| 1,515,000 | 18d | 113,652 |
| 1,559,000 | 16d | 115,500 |
| 933,000 | 16d | 62,200 |
| 776,940 | 15d | 46,626 |
| <hr/> | | |
| 11,019,814 lb | | £830,238 |

* This is a copy of a seventeenth century table given in the Home Miscellaneous Series, vol. 39. The figures for the quantity of pepper sold refer to the cargo of ships. The names of the ships are given in the original version but are omitted here, as also are the fractions in the value of pepper for the 2nd Joint-Stock. To realize the importance of pepper in the Company's finance, these figures should be compared to the amount of capital and profits of the two Joint-Stocks shown in chapter VIII, Table III and IV.

APPENDIX BTable III. The Price of Indigo in London

| Year | Sarkhej | Biana | Coromandel |
|-----------|----------------------------|--------|------------|
| 1618 | 5s per lb | 6s 2½d | |
| 1619 | 4s 6¾d | 5s 4d | 2s 8½d |
| 1620 | 4s 10d | 5s 6d | |
| 1622 | | | |
| Jan. | 5s 4d | 5s 8d | |
| April | 5s 6d | 6s | |
| July | | 7s | |
| 1623 | | | |
| Sept. | 4s | 6s 8d | |
| Nov. | 3s 9d | | |
| 1624 | 4s 6d | | |
| 1625 | | | |
| March 11, | 3s 4d | | |
| March 14, | 4s 2d | | |
| July | 4s 4d | | |
| Nov. | 3s 4d | | |
| 1626 | | | |
| Feb. | 3s 2d | | |
| Sept. | 4s | | |
| 1627 | | | |
| Jan. | - | 6s 1d | |
| Feb. | 3s 8d | | |
| April | 3s 6d | | |
| 1628 | - | - | |
| 1629 | 3s 10d | 5s 9d | |
| 1630 | - | - | |
| 1631 | 5s per lb for Mixed Indigo | | |

APPENDIX BTable III. (continued)

| Year | Sarkhej | Biana | Coromandel |
|--------------|---------|--------------|------------|
| 1632 | | 5s 10d Mixed | |
| 1633 May 15, | | 6s Mixed | |
| May 24, | | 5s 8d " | |
| 1634 Oct. 3, | | 6s | |
| Oct., 17, | | 5s 6d | |
| 1635 | | 5s 7d | |
| 1636 | - | - | |
| 1637 | 5s 6d | 6s | |
| 1639 | | | |
| 1640 | | 11s 7d | |

APPENDIX CGovernors of the East India Company, 1600-1640

| | |
|----------------------------|-----------|
| Sir Thomas Smith, | 1600-1601 |
| Alderman John Watts, | 1601-1602 |
| Sir John Harts, | 1602-1603 |
| Sir William Romney, | 1606-1607 |
| Sir Thomas Smith, | 1607-1610 |
| Sir Thomas Smith, | 1614-1621 |
| Sir William Halliday, | 1621-1624 |
| Sir Morris Abbot, | 1624-1638 |
| Sir Christopher Clitherow, | 1638-1641 |

Deputy Governors

| | |
|--------------------|-------------------------------|
| William Romney, | 1601-1602 |
| Thomas Bramley, | 1602-1603 |
| William Greenwell, | 1607-1609 |
| Morris Abbot, | 1615-1624 |
| Thomas Mun, | 1624 (Refused to take office) |
| C. Clitherow, | 1624-1635 |

APPENDIX C

| | |
|--------------------------|-----------|
| Alderman Henry Garraway, | 1635-1639 |
| William Cockayne, | 1639-1643 |

Chief Factors and Presidents of the Bantam FactorySeparate Voyage:-

| | |
|---------------------|-----------|
| William Starkey, | 1603 |
| Edmund Scott, | 1605 |
| Gabriel Towerson, | 1605-1608 |
| John Saris, | 1608 |
| Augustine Spalding, | 1609 |
| Thomas Emsworth, | 1609 |
| Richard Woodies, | 1610 |
| Augustine Spalding, | 1613 |
| George Chauncey, | 1613 |
| Edmund Camden, | 1613 |
| John Jourdain, | 1613 |
| Robert Larkin, | 1613 |
| George Ball, | 1613 |

APPENDIX CChief Factors:-

| | |
|-------------------|-----------|
| John Jourdain, | 1613-1615 |
| Thomas Elkington, | 1615 |
| John Jourdain, | 1615-1616 |
| George Berkley, | 1616-1617 |

Presidents:-

| | |
|----------------|------------|
| George Ball, | 1617-1618 |
| John Jourdain, | 1618, 1619 |

at Batavia

| | |
|-------------------|-----------|
| Thomas Brokeden, | 1620 |
| Richard Fursland, | 1620-1623 |
| Thomas Brokeden, | 1623-1625 |
| Henry Hawley, | 1625-1628 |

at Bantam

| | |
|------------------|-----------|
| Henry Hawley, | 1628 |
| Richard Bix, | 1628-1629 |
| George Muschamp, | 1629-1630 |
| William Hoare, | 1630-1631 |

Agents:-

| | |
|--------------------|-----------|
| George Willoughby, | 1630 |
| William Hoare, | 1630-1632 |
| Thomas Woodson, | 1632-1633 |

APPENDIX C

John Ling, 1633-1634

Presidents:-

George Willoughby, 1634-1636

Robert Coulson, 1636-1637

William Johnson, 1637-1638

Gerald Pinson, 1638-1639

George Muschamp, 1639-1640

Presidents of the Surat Factory

Thomas Aldworth, 1613-1615

Thomas Kerridge, 1616-1621

Thomas Rastel, 1621-1625

Thomas Kerridge, 1625-1628

Richard Wylde, 1628-1630

John Skibbow, 1630

Thomas Rastel, 1630-1631

Joseph Hopkinson, 1631-1633

William Methwold, 1633-1638

William Fremlin, 1639-1644

APPENDIX DI. Shipping List: outward sailings

| Date | Name of ships | Bound for |
|--------------|--|---------------------------|
| 1601 1st V. | Dragon Hector Ascension Susan Gift | East Indies |
| 1604 2nd V. | Dragon Hector Ascension Susan | Bantam |
| 1607 3rd V. | Dragon Consent Hector | The Red Sea and Bantam |
| 1608 4th V. | Union Ascension | Surat and Red Sea |
| 1609 5th V. | Expedition | Bantam and Banda |
| 1610 6th V. | Trade's Increase Peppercorn Darling | Surat and Bantam |
| 1611 7th V. | Globe | Coromandel |
| 1611 8th V. | Hector Clove Thomas | Bantam, Banda, Japan |
| 1612 9th V. | James | Surat |
| 1612 10th V. | Dragon Hosiander | Surat |
| 1612 11th V. | Solomon | Surat |
| 1613 12th V. | Expedition | Bantam |

I. Outward sailings (continued)

| Date | Name of ships | Bound for |
|----------|-----------------|-----------|
| 1614 | New Year's Gift | |
| | Hector | |
| | Hope | |
| March 7, | Solomon | Surat |
| April | Samaritan | |
| | Thomas | |
| | Thomasine | |
| | Concord | |
| | Advice | Bantam |
| 1615 | Dragon | |
| | Lion | |
| | Peppercorn | |
| March 6, | Expedition | Surat |
| | Clove | |
| April | Defence | Bantam |
| 1616 | Charles | |
| | Unicorn | |
| | James | |
| January | Globe | Surat |
| | Swan | |
| | Rose | Bantam |
| 1617 | Royal James | |
| | Royal Anne | |
| | New Year's Gift | |
| | Bull | |
| February | Bee | Surat |
| | Hope | |
| | Hound | Bantam |
| 1618 | Dragon | |
| | Lion | |
| | Expedition | Surat |
| | Globe | |
| | Sun | |
| | Moon | |
| | Glove | |
| | Peppercorn | |
| | Sampson | Bantam |

I. Outward Sailings (continued)

| Date | Name of ships | Bound for |
|----------|----------------|-------------------|
| 1619 | Charles | |
| | Ruby | |
| February | Diamond | Surat |
| | Palsgrave | |
| | Elizabeth | |
| | Hope | |
| | Bear | |
| March | Star | |
| | Bull | Bantam |
| 1620 | Unity | |
| | Royal Exchange | Batavia (Jacatra) |
| | London | |
| | Roebuck | Surat |
| | Hart | |
| | Eagle | Jasque (Persia) |
| | White Bear | Batavia |
| 1621 | Jonas | |
| | Rose | |
| | Richard | |
| | Whale | |
| | Dolphin | Surat |
| | Trial | Batavia |
| 1622 | Discovery | |
| | Reformation | |
| April | Blessing | Surat |
| 1623 | William | Surat |
| | Roebuck | |
| | Abigail | |
| | Hart | |
| | Coaster | Batavia |
| 1624 | Star | |
| | James | |
| | Jonas | |
| | Eagle | |
| | Spy | |
| March | Scout | Surat |

I. Outward Sailings (continued)

| Date | Name of ships | Bound for |
|----------|---|-------------------------------------|
| 1625 | Palsgrave London Falcon | Surat |
| | Lion London Swallow | Batavia |
| 1626 | William Blessing Discovery Christopher | Surat |
| | Exchange Expedition | Batavia |
| 1627 | Mary Star Speedwell Hopewell Hart | |
| March | Refuge | Surat |
| 1628 | Expedition Jonas Dove | Surat Bantam via Surat Bantam |
| 1629 | Charles Discovery Reformation Samuel | Surat |
| | London | Bantam |
| 1630 | Jonas William Blessing | Surat |
| March | | |
| December | Hopewell | Coromandel |
| 1631 | Mary Exchange Speedwell | Surat |
| February | | |
| January | Palsgrave | |
| March | London | Bantam |
| December | Pearl | Coromandel |

I. Outward sailings (continued)

| Date | Name of ships | Bound for |
|------------|-------------------------------------|---------------------|
| 1632 | Charles Jonas Dolphin Hart | |
| April 5, | Swallow | Surat |
| September | Swan | Coromandel |
| 1633 | Palsgrave Discovery | |
| April, 10, | Reformation | Surat |
| | Comfort Jewell | Coromandel |
| 1634 | London Blessing Hopewell | |
| March | | Surat |
| | Coaster | Coromandel |
| 1635 | William | Surat |
| | Crispian | Coromandel |
| 1636 | Swan | Surat & Coromandel |
| March | Mary | Surat |
| 1637 | Advice | Surat & Coromandel |
| | Jonas Eagle | Surat |
| 1638 | Discovery | Surat & Coromandel |
| | William | Bantam |
| 1639 | Reformation | Bantam |
| March 25, | London | Surat |
| 1640 | Crispian | Surat |
| | Advice Hopewell | Bantam & Coromandel |

II. The incoming ships

| Date | Name of ships |
|------|--|
| 1603 | Susan Dragon Hector Ascension |
| 1606 | Dragon Hector Ascension |
| 1609 | Consent Dragon (Union, wrecked) |
| 1610 | Hector |
| 1611 | Expedition |
| 1613 | Peppercorn Solomon Thomas Hector |
| 1614 | Dragon Expedition Clove |
| 1615 | James Globe Hope |
| 1616 | New Year's Gift Lion |
| 1617 | Dragon Expedition Clove Peppercorn Globe |
| 1618 | Charles Hope Bull |
| 1619 | Little James (Royal Anne, wrecked) |

II. The incoming ships (continued)

| Date | Name of ships |
|------|---|
| 1620 | Rose Lion |
| 1621 | Royal James |
| 1622 | Hart Roebuck Charles Star Eagle |
| 1623 | London Jonas Lion Lesser James Palsgrave |
| 1624 | Exchange Elizabeth Dolphin |
| 1625 | Discovery Ruby William Plessing Moon wrecked 1) |
| 1626 | Star Charles Scout Hart Royal James Jonas |
| 1627 | London Reformation |
| 1628 | Expedition Dolphin Palsgrave Discovery William (Morris, wrecked) |

II. The incoming ships (continued)

| Date | Name of ships |
|------|--|
| 1629 | Mary Speedwell Blessing Exchange Expedition Hart Star Jonas |
| 1630 | London |
| 1631 | Discovery Reformation Swallow |
| 1632 | Palsgrave London |
| 1633 | Jewell William James Star Blessing Hopewell |
| 1634 | Exchange Mary |
| 1635 | Dolphin Jonas Hart Swan |
| 1636 | Reformation (Palsgrave wrecked) |
| 1637 | Discovery William |
| 1638 | Jewell London |
| 1639 | Swan Advice Mary |

II. The incoming ships (continued)

| Date | Name of ships |
|------|---|
| 1640 | Discovery London Reformation William |

III. The tonnage of shipping

Ships of 1,000 tons or over :-

| | |
|------------------|-------|
| Trade's Increase | 1,293 |
| Charles | 1,000 |
| Royal James | 1,000 |
| Palsgrave | 1,083 |

Ships of 900-800 tons:-

| | |
|-----------------|-----|
| Hector | 800 |
| New Year's Gift | 867 |
| Elizabeth | 978 |
| Royal Exchange | 800 |
| Royal Mary | 800 |
| London | 800 |

Ships of 700 tons:-

| | |
|------------|-----|
| Whale | 700 |
| Unicorn | 700 |
| Royal Anne | 700 |
| Sun | 700 |
| William | 700 |
| Blessing | 700 |
| Jonas | 700 |
| Ruby | 700 |
| Bear | 700 |

Ships of 600-500 tons:-

| | |
|--------------|-----|
| Sampson | 600 |
| Moon | 600 |
| Dragon | 600 |
| Lesser James | 600 |
| Trial | 500 |
| Globe | 527 |
| Clove | 527 |
| Hope | 533 |
| Discovery | 500 |
| Hart | 500 |
| Dolphin | 500 |

III. The tonnage of ships (continued)

| | |
|-------------|-----|
| Reformation | 500 |
| Crispian | 500 |
| Falcon | 500 |

Ships between 400-300 tons:-

| | |
|------------|-----|
| Union | 400 |
| Peppercorn | 340 |
| Thomas | 342 |
| Solomon | 400 |
| Expedition | 320 |
| Samaritan | 453 |
| Lion | 386 |
| Swan | 400 |
| Bull | 400 |
| Diamond | 400 |
| Unitie | 300 |
| Morris | 400 |
| Defence | 400 |
| Roebuck | 300 |
| Advice | 350 |
| Star | 300 |

Ships between 300-200 tons:-

| | |
|-----------|-----|
| Ascension | 260 |
| Susan | 240 |
| Hosiander | 213 |
| Concord | 213 |
| Eagle | 280 |
| Pearl | 250 |
| Comfort | 250 |
| Jewell | 250 |

Pinnaces:-

Abigail
 Consent
 Darling
 Thomasine
 Attendance
 Rose
 Bee
 Dragon's Claw
 Lion's Claw
 Supply

III. The tonnage of ships (continued)

Centaur
Spy
Scout
Swallow
Speedwell
Hopewell
Dove
Coaster

Note: This list is only approximate as there are discrepancies in the records about the exact tonnage of the ships.

IV. Provisions carried by a ship of 600 tons with 150 men

| | | |
|--------------|--|------------------------|
| Bread | for 21 months at 24lb per man per diem | 675 cwt. |
| Meale | 3 " " " " " " | 96 $\frac{1}{2}$ cwt |
| Beer | 3 " " " " " " | 28 $\frac{1}{4}$ tons |
| Beer strong | 1 " " " " " " | 9 $\frac{1}{2}$ tons |
| Cider | 12 " 1 Qr. " " " " | 40 tons |
| Wine | 8 " 1 pint " " " " | 41 pipes |
| Beef drisalt | 2 " 1 $\frac{1}{2}$ lb " " " " | 120 $\frac{1}{2}$ cwt. |
| Beef pickled | 4 " " " " " " | 241 cwt. |
| Pork pickled | 10 " 4 lb per 5 men " " " | 322 cwt. |
| Peas | 9 " $\frac{1}{2}$ pint " man " " | 210 bushels |
| Beans | | 105 " |
| Backlew | 3 " 1 fish " " " " | 112 cwt. |
| Stockfish | 1 " $\frac{1}{2}$ fish " " " " | 19 cwt. |
| Oatmeale | 4 " $\frac{1}{2}$ pint " " " " | 141 Bushels |
| Steale wheat | 4 " " " " " " | 141 " |

Victual Extraordinary

| | |
|---|-------------|
| Cheese | 5 weyes |
| Butter | 21 firkins |
| Sweet oil | 600 gallons |
| vinegar | 6 tons |
| Acquavita | 150 gallons |
| Honey | 3 barrèls |
| Mustard seeds | 6 bushels |
| Rice | 2 cwt. |
| Salt | 6 hogsheads |
| wine for captain's table | 3 pipes |
| Lemon water | |
| Sugar, cinnamon, cloves, mace, pepper, nutmegs. | |

The First Letter Book, p.102, 1607.

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 6. July 2, 1623 - June 30, 1624
 7. July 2, 1624 - April 14, 1625
 8. April 23, 1625 - June 26, 1626
 9. July 4, 1626 - July 4, 1627
 10. July 4, 1627 - July 2, 1628
 11. July 2, 1628 - July 3, 1629
 12. July 2, 1630 - July 16, 1631
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